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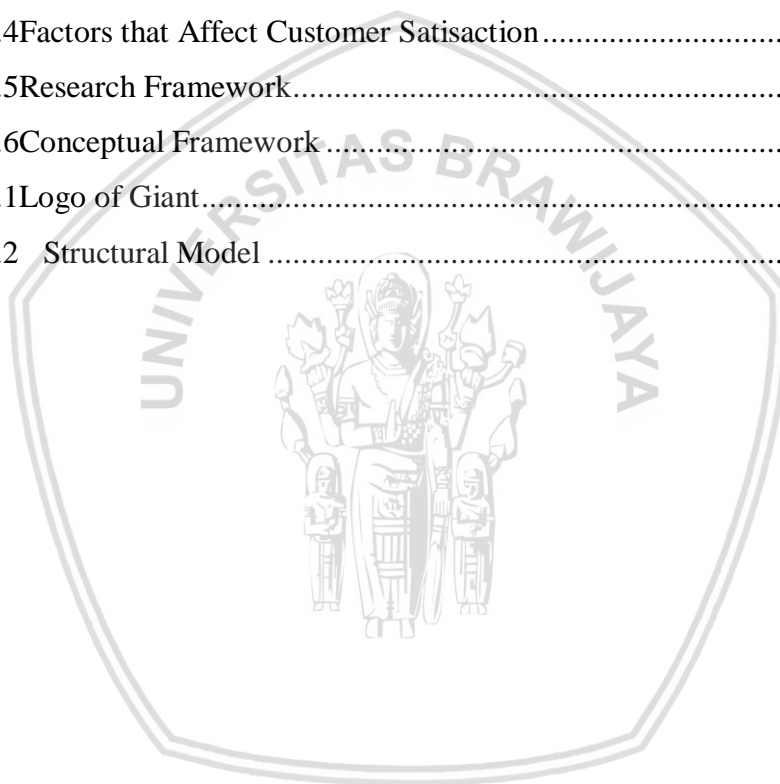
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**THE INFLUENCE OF STORE ATMOSPHERE ON REPATRONAGE
INTENTION WITH CUSTOMER SATISFACTION AS A MEDIATOR
IN GIANT MALANG**

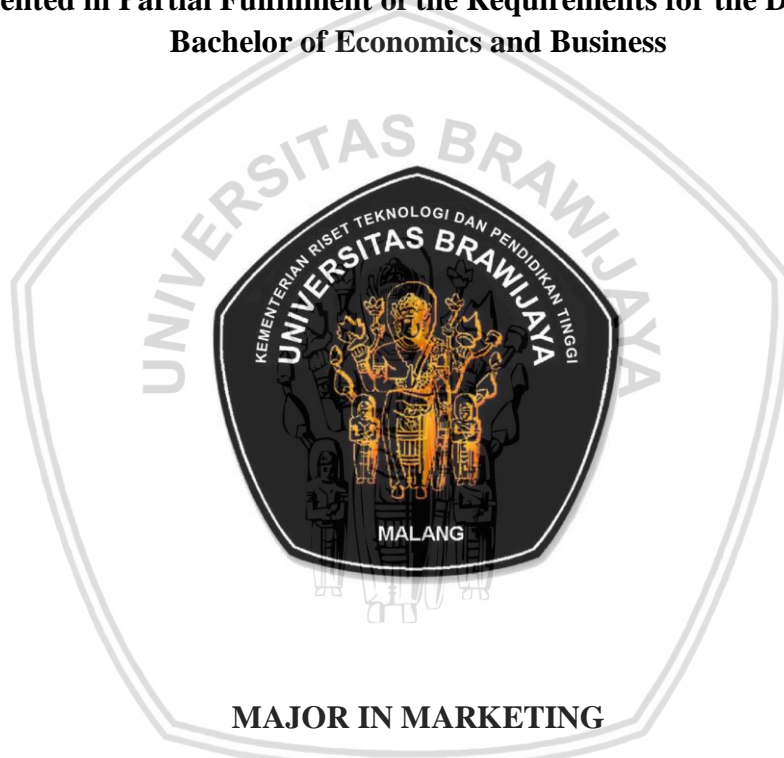
BY:

LARASITA KRISNA NOVITA

135020207121009

MINOR THESIS

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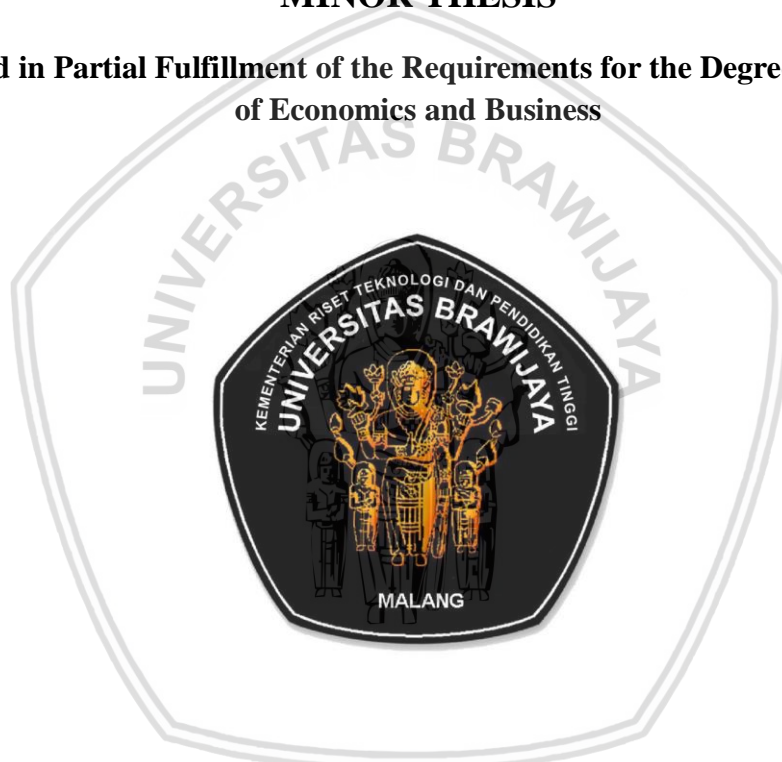
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By:

Larasita Krisna Novita

Faculty of Economics and Business, University of Brawijaya

Email: larasitakrisna110@gmail.com

Supervisor:

Taufiq Ismail, SE.,SS., MM.

ABSTRACT

The purpose of this research is to analyze the influence of store atmosphere on repatronage intention with customer satisfaction as a mediator in Giant Malang. The sample in this study was customers of Giant in Malang. The sampling technique was convenience sampling with 223 respondents. This study used Partial Linear Square (PLS) analysis technique to analyze the data.

The result on this study shows that store atmosphere and customer satisfaction have significant effect on repatronage intention. Meanwhile, store atmosphere have significant influence on customer satisfaction. While, store atmosphere have no significant effect on repatronage intention. In addition, customer satisfaction is directly enhancing the influence of store atmosphere and repatronage intention. Thus, in this study is useful for marketers to profoundly understand the importance of customer satisfaction in customer-brand relationship.

Keywords: *Store Atmosphere, Customer Satisfaction, Repatronage Intention*

**PENGARUH STORE ATMOSPHERE TERHADAP REPATRONAGE
INTENTION MELALUI CUSTOMER SATISFACTION SEBAGAI MEDIASI
DI GIANT MALANG**

Oleh:

Larasita Krisna Novita

Fakultas Ekonomi dan Bisnis, Universitas Brawijaya

Email: larasitakrisna110@gmail.com

Pembimbing:

Taufiq Ismail, SE., SS., MM.

ABSTRAK

Tujuan dari penelitian ini adalah untuk menganalisis pengaruh *store atmosphere* terhadap *repatronage intention* melalui *customer satisfaction* sebagai mediasi di Giant Malang. Sampel dalam penelitian ini adalah pelanggan dari Giant di Malang. Teknik pengambilan sampel adalah *convenience sampling* dengan 223 responden. Penelitian ini menggunakan teknik analisis *Partial Linear Square* (PLS) untuk menganalisis data.

Hasil penelitian menunjukkan bahwa *store atmosphere* dan *customer satisfaction* memiliki pengaruh yang signifikan terhadap *repatronage intention*. Sementara itu, *store atmosphere* memiliki pengaruh yang signifikan terhadap *customer satisfaction*. Namun, *store atmosphere* tidak memiliki pengaruh yang signifikan terhadap *repatronage intention*. Selain itu, *customer satisfaction* secara tidak langsung meningkatkan peran *store atmosphere* dan *repatronage intention*. Penelitian ini diharapkan dapat berguna bagi para pemasar untuk dapat mendalami pentingnya *customer satisfaction* dalam hubungan antara pelanggan dan merek.

Kata kunci: *Store Atmosphere, Customer Satisfaction, Repatronage Intention*

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Malang, October 2017

Larasita Krisna Novita

APPENDIX 1

RESEARCH QUESTIONNAIRES



APPENDIX

Pertanyaan

Identitas Responden

Pilihlah satu jawaban yang paling sesuai menurut anda

1. Jenis Kelamin:

- ☐ Laki-laki
- ☐ Perempuan

2. Usia:

- ☐ <20
- ☐ 21 – 30
- ☐ 31 – 40
- ☐ 41 – 50
- ☐ >50

3. Pendidikan Terakhir:

- ☐ SD
- ☐ SMP
- ☐ SMA
- ☐ Diploma
- ☐ S1
- ☐ S2/S3

4. Pekerjaan:

- ☐ Pelajar/Mahasiswa
- ☐ PNS
- ☐ Wiraswasta
- ☐ Pegawai Swasta
- ☐ Lainnya

5. Penghasilan Per Bulan:

- ☐ \leq Rp 1.000.000
- ☐ $>$ Rp 1.000.000 – \leq Rp 2.000.000

- > Rp 2.000.000 – ≤ Rp 3.000.000
- > Rp 3.000.000

Petunjuk Pengisian Kuisioner

Pilihlah jawaban yang sesuai dengan anda berdasarkan pernyataan-pernyataan yang tersedia. Pilih jawaban anda dengan mengisi tandan silang (X) pada kolom yang telah tersedia.

Skala rating

1= Sangat tidak setuju

4=Setuju

2= Tidak setuju

5= Sangat setuju

3= Netral

SA

No.	Pernyataan	1	2	3	4	5
1.	Jalan untuk masuk ke Giant mudah untuk dilalui					
2.	Warna bangunan dari Giant sangat menarik					
3.	Giant terletak/berlokasi di lingkungan yang menarik					
4.	Aroma di dalam Giant sangat menyenangkan					
5.	Tata ruang dari Giant dikerjakan dengan baik					
6.	Barang-barang yang dijual di Giant ditata dengan baik					
7.	Suhu didalam Giant sangat nyaman					
8.	Giant tidak terlalu penuh (pelanggan)					
9.	Barang-barang yang dijual di Giant dikelompokkan dengan baik					
10.	Harga dari barang-barang yang dijual dapat terlihat dengan jelas					

CS

No.	Pernyataan	1	2	3	4	5
1.	Saya sangat puas dengan pelayanan yang diberikan oleh Giant di supermarket pilihan saya					
2.	Saya mempunyai pengalaman yang sangat memuaskan di supermarket pilihan saya					
3.	Dibandingkan dengan supermarket yang lain, saya sangat puas dengan Giant					
4.	Pada umumnya, saya sangat puas dengan supermarket pilihan saya					

RI

No.	Pernyataan	1	2	3	4	5
1.	Kemungkinan saya akan berkunjung kembali ke Giant di waktu yang akan datang					
2.	Giant pilihan pertama saat saya berbelanja					
3.	Saya senang merekomendasikan Giant kepada teman-teman saya					
4.	Saya akan merekomendasikan Giant pada saat seseorang meminta saran saya					

Respondent Identity

Please answer the option that applies to you

1. Gender:

- ☐ Male
- ☐ Female

2. Age:

- ☐ <20
- ☐ 21 – 30
- ☐ 31 – 40
- ☐ 41 – 50
- ☐ >50

3. Highest Education Completed:

- ☐ Elementary School
- ☐ Junior High School
- ☐ Senior High School
- ☐ Diploma
- ☐ Bachelor's degree
- ☐ Master's degree and above

4. Occupation:

- ☐ Student
- ☐ Civil Servant
- ☐ Entrepreneur
- ☐ Private Employee
- ☐ Other

5. Income per Month:

- ☐ \leq Rp 1.000.000
- ☐ $>$ Rp 1.000.000 – \leq Rp 2.000.000
- ☐ $>$ Rp 2.000.000 – \leq Rp 3.000.000
- ☐ $>$ Rp 3.000.000

Direction

Please choose the answer based on the statements being provide. Choose your answer by giving cross mark (X) in the column below.

Rating Scale

1= Strongly Disagree

4=Agree

2= Disagree

5= Strongly Agree

3= Neutral

SA

No.	Statements	1	2	3	4	5
1.	The entrance to the store is inviting					
2.	The entrance to the store is inviting					
3.	The store is located in an attractive surrounding					
4.	The smell in the store is pleasing					
5.	The layout of the store works well					
6.	The merchandise in the store is well displayed					
7.	The temperature in the store is comfortable					
8.	The store is not overcrowded					
9.	The merchandise in the store is well organized					
10.	The pricing of the merchandise in the store is clearly visible					

CS

No.	Statements	1	2	3	4	5
1.	I am very satisfied with the service provided in my preferred store					
2.	Compared to other hypermarket, I am very satisfied with this store					
3.	I particularly enjoyed shopping at Giant					
4.	I feel there is no discrimination in the process of Giant services to costumer					

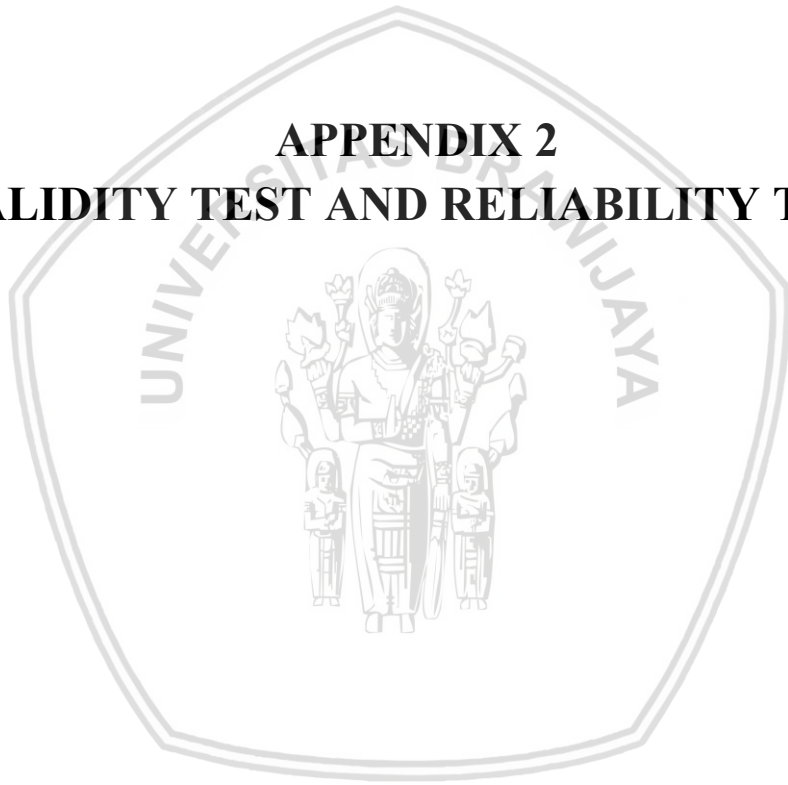
RI

No.	Statements	1	2	3	4	5
1.	I will probably use my preferred store in the future					
2.	My preferred hypermarket is my first choice when I go shopping					
3.	I am glad to recommend my preferred store to my friends					
4.	I will recommend my preferred store when someone is asking my suggestion					



APPENDIX 2

VALIDITY TEST AND RELIABILITY TEST



1. VALIDITY AND RELIABILITY

a) Store Atmosphere

Correlations

		TOTAL SA
SA.1	Pearson Correlation	,508**
	Sig. (2-tailed)	,000
	N	223
SA.2	Pearson Correlation	,617**
	Sig. (2-tailed)	,000
	N	223
SA.3	Pearson Correlation	,642**
	Sig. (2-tailed)	,000
	N	223
SA.4	Pearson Correlation	,732**
	Sig. (2-tailed)	,000
	N	223
SA.5	Pearson Correlation	,789**
	Sig. (2-tailed)	,000
	N	223
SA.6	Pearson Correlation	,711**
	Sig. (2-tailed)	,000
	N	223
SA.7	Pearson Correlation	,708**
	Sig. (2-tailed)	,000
	N	223
SA.8	Pearson Correlation	,326**
	Sig. (2-tailed)	,000
	N	223
SA.9	Pearson Correlation	,781**
	Sig. (2-tailed)	,000
	N	223
SA.10	Pearson Correlation	,629**
	Sig. (2-tailed)	,000
	N	223

** . Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Reliability

Reliability Statistics

Cronbach's Alpha	N of Items
,839	10

b) Customer Satisfaction

Correlations

		TOTAL_CS
CS.1	Pearson Correlation	,827**
	Sig. (2-tailed)	,000
	N	223
CS.2	Pearson Correlation	,819**
	Sig. (2-tailed)	,000
	N	223
CS.3	Pearson Correlation	,868**
	Sig. (2-tailed)	,000
	N	223
CS.4	Pearson Correlation	,712**
	Sig. (2-tailed)	,000
	N	223

** . Correlation is significant at the 0.01 level (2-tailed).

Reliability

Reliability Statistics

Cronbach's Alpha	N of Items
,821	4

c) Repatronage Intention

Correlations

		TOTAL_RI
RI.1	Pearson Correlation	,759**
	Sig. (2-tailed)	,000
	N	223
RI.2	Pearson Correlation	,839**
	Sig. (2-tailed)	,000
	N	223
RI.3	Pearson Correlation	,912**
	Sig. (2-tailed)	,000
	N	223
RI.4	Pearson Correlation	,922**
	Sig. (2-tailed)	,000
	N	223

** . Correlation is significant at the 0.01 level (2-tailed).

Reliability

Reliability Statistics

Cronbach's Alpha	N of Items
,881	4

2. Deskripsi Jawaban Responden Frequency Table

SA.1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	2	,9	,9	,9
	2,00	11	4,9	4,9	5,8
	3,00	44	19,7	19,7	25,6
	4,00	105	47,1	47,1	72,6
	5,00	61	27,4	27,4	100,0
	Total	223	100,0	100,0	

SA.2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	3	1,3	1,3	1,3
	2,00	18	8,1	8,1	9,4
	3,00	80	35,9	35,9	45,3
	4,00	99	44,4	44,4	89,7
	5,00	23	10,3	10,3	100,0
	Total	223	100,0	100,0	

SA.3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2,00	16	7,2	7,2	7,2
	3,00	53	23,8	23,8	30,9
	4,00	106	47,5	47,5	78,5
	5,00	48	21,5	21,5	100,0
	Total	223	100,0	100,0	

SA.4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	1	,4	,4	,4
	2,00	17	7,6	7,6	8,1
	3,00	99	44,4	44,4	52,5
	4,00	83	37,2	37,2	89,7
	5,00	23	10,3	10,3	100,0
	Total	223	100,0	100,0	

SA.5

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	4	1,8	1,8	1,8
	2,00	19	8,5	8,5	10,3
	3,00	57	25,6	25,6	35,9
	4,00	105	47,1	47,1	83,0
	5,00	38	17,0	17,0	100,0
	Total	223	100,0	100,0	

SA.6

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	3	1,3	1,3	1,3
	2,00	9	4,0	4,0	5,4
	3,00	38	17,0	17,0	22,4
	4,00	118	52,9	52,9	75,3
	5,00	55	24,7	24,7	100,0
	Total	223	100,0	100,0	

SA.7

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	3	1,3	1,3	1,3
	2,00	9	4,0	4,0	5,4
	3,00	41	18,4	18,4	23,8
	4,00	121	54,3	54,3	78,0
	5,00	49	22,0	22,0	100,0
	Total	223	100,0	100,0	

SA.8

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	5	2,2	2,2	2,2
	2,00	33	14,8	14,8	17,0

3,00	77	34,5	34,5	51,6
4,00	79	35,4	35,4	87,0
5,00	29	13,0	13,0	100,0
Total	223	100,0	100,0	

SA.9

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	3	1,3	1,3	1,3
	2,00	13	5,8	5,8	7,2
	3,00	44	19,7	19,7	26,9
	4,00	110	49,3	49,3	76,2
	5,00	53	23,8	23,8	100,0
	Total	223	100,0	100,0	

SA.10

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2,00	26	11,7	11,7	11,7
	3,00	50	22,4	22,4	34,1
	4,00	112	50,2	50,2	84,3
	5,00	35	15,7	15,7	100,0
	Total	223	100,0	100,0	

CS.1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2,00	8	3,6	3,6	3,6
	3,00	70	31,4	31,4	35,0
	4,00	116	52,0	52,0	87,0
	5,00	29	13,0	13,0	100,0
	Total	223	100,0	100,0	

CS.2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2,00	24	10,8	10,8	10,8
	3,00	117	52,5	52,5	63,2
	4,00	65	29,1	29,1	92,4
	5,00	17	7,6	7,6	100,0
	Total	223	100,0	100,0	

CS.3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	3	1,3	1,3	1,3
	2,00	14	6,3	6,3	7,6
	3,00	81	36,3	36,3	43,9
	4,00	98	43,9	43,9	87,9
	5,00	27	12,1	12,1	100,0
	Total	223	100,0	100,0	

CS.4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	1	,4	,4	,4
	2,00	7	3,1	3,1	3,6
	3,00	59	26,5	26,5	30,0
	4,00	115	51,6	51,6	81,6
	5,00	41	18,4	18,4	100,0
	Total	223	100,0	100,0	

RI.1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2,00	13	5,8	5,8	5,8
	3,00	51	22,9	22,9	28,7

4,00	109	48,9	48,9	77,6
5,00	50	22,4	22,4	100,0
Total	223	100,0	100,0	

RI.2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	12	5,4	5,4	5,4
	2,00	70	31,4	31,4	36,8
	3,00	88	39,5	39,5	76,2
	4,00	37	16,6	16,6	92,8
	5,00	16	7,2	7,2	100,0
	Total	223	100,0	100,0	

RI.3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	6	2,7	2,7	2,7
	2,00	33	14,8	14,8	17,5
	3,00	115	51,6	51,6	69,1
	4,00	49	22,0	22,0	91,0
	5,00	20	9,0	9,0	100,0
	Total	223	100,0	100,0	

RI.4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	6	2,7	2,7	2,7
	2,00	33	14,8	14,8	17,5
	3,00	98	43,9	43,9	61,4

	4,00	61	27,4	27,4	88,8
	5,00	25	11,2	11,2	100,0
	Total	223	100,0	100,0	



APPENDIX 3

PARTIAL LEAST SQUARE



1. Partial Least Square

a) Linear

Model Summary and Parameter Estimates

Dependent Variable: TOTAL_CS

Model Summary						Parameter Estimates	
Equation	R Square	F	df1	df2	Sig.	Constant	b1
Linear	,439	173,031	1	221	,000	3,330	,299

The independent variable is TOTAL_SA.

Model Summary and Parameter Estimates

Dependent Variable: TOTAL_RI

Model Summary						Parameter Estimates	
Equation	R Square	F	df1	df2	Sig.	Constant	b1
Linear	,223	63,293	1	221	,000	3,266	,267

The independent variable is TOTAL_SA.

Model Summary and Parameter Estimates

Dependent Variable: TOTAL_RI

Model Summary						Parameter Estimates	
Equation	R Square	F	df1	df2	Sig.	Constant	b1
Linear	,385	138,627	1	221	,000	1,952	,779

The independent variable is TOTAL_CS.

b) Before Evaluation

b1) Convergent Validity Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)
CS.1 <- CS	0,839763	0,834793	0,032318	0,032318	25,98426
CS.2 <- CS	0,83631	0,829809	0,035529	0,035529	23,538848
CS.3 <- CS	0,872622	0,874037	0,025405	0,025405	34,348617
CS.4 <- CS	0,67209	0,673185	0,070682	0,070682	9,50864
RI.1 <- RI	0,783481	0,780269	0,045681	0,045681	17,151035
RI.2 <- RI	0,81004	0,813402	0,046581	0,046581	17,389851
RI.3 <- RI	0,912407	0,912992	0,019172	0,019172	47,590792

RI.4 <- RI	0,924844	0,924936	0,015635	0,015635	59,153693
SA.1 <- SA	0,470112	0,465903	0,103789	0,103789	4,52949
SA.2 <- SA	0,623506	0,619682	0,076152	0,076152	8,187632
SA.3 <- SA	0,680552	0,670695	0,065557	0,065557	10,381101
SA.4 <- SA	0,756874	0,750001	0,05508	0,05508	13,741379
SA.5 <- SA	0,798851	0,796533	0,045026	0,045026	17,742079
SA.6 <- SA	0,730187	0,719769	0,058656	0,058656	12,448589
SA.7 <- SA	0,726778	0,71765	0,058889	0,058889	12,341547
SA.8 <- SA	0,1939	0,209311	0,129371	0,129371	1,498788
SA.9 <- SA	0,787824	0,784303	0,04363	0,04363	18,056979
SA.10 <- SA	0,620385	0,611993	0,071466	0,071466	8,680837

b2) AVE

	AVE	Composite Reliability	R Square	Cronbachs Alpha	Communality	Redundancy
CS	0,654448	0,882422	0,447506	0,820896	0,654448	0,294039
RI	0,739458	0,918659	0,412233	0,880609	0,739458	0,29042
SA	0,438846	0,879141		0,843441	0,438846	

b3) Hypothesis Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)
CS -> RI	0,552121	0,554612	0,131681	0,131681	4,19287
SA -> CS	0,668959	0,680264	0,067609	0,067609	9,894521
SA -> RI	0,124428	0,130976	0,129492	0,129492	0,960891

c) Evaluation

c1) Convergent Validity Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)
CS.1 <- CS	0,839984	0,835984	0,030688	0,030688	27,371585
CS.2 <- CS	0,837858	0,833108	0,033013	0,033013	25,379412
CS.3 <- CS	0,872642	0,870342	0,028123	0,028123	31,029276
CS.4 <- CS	0,669673	0,659544	0,079526	0,079526	8,420821
RI.1 <- RI	0,783973	0,776453	0,045974	0,045974	17,052708

RI.2 <- RI	0,809754	0,806451	0,052957	0,052957	15,290846
RI.3 <- RI	0,912215	0,908654	0,019915	0,019915	45,806553
RI.4 <- RI	0,924782	0,922344	0,01502	0,01502	61,570348
SA.2 <- SA	0,609032	0,605929	0,076119	0,076119	8,001084
SA.3 <- SA	0,677013	0,6707	0,067854	0,067854	9,977462
SA.4 <- SA	0,752662	0,753895	0,050479	0,050479	14,910291
SA.5 <- SA	0,810824	0,808779	0,043918	0,043918	18,462246
SA.6 <- SA	0,747474	0,738778	0,055234	0,055234	13,532784
SA.7 <- SA	0,738332	0,729054	0,059172	0,059172	12,477781
SA.9 <- SA	0,79115	0,784349	0,045401	0,045401	17,426017
SA.10 <- SA	0,634532	0,6265	0,073253	0,073253	8,662211

c2) AVE

	AVE	Composite Reliability	R Square	Cronbachs Alpha	Communality	Redundancy
CS	0,654387	0,882363	0,445086	0,820896	0,654387	0,292451
RI	0,739418	0,918646	0,412937	0,880609	0,739418	0,291192
SA	0,5232	0,896919		0,867879	0,5232	

c3) Hypothesis Testing

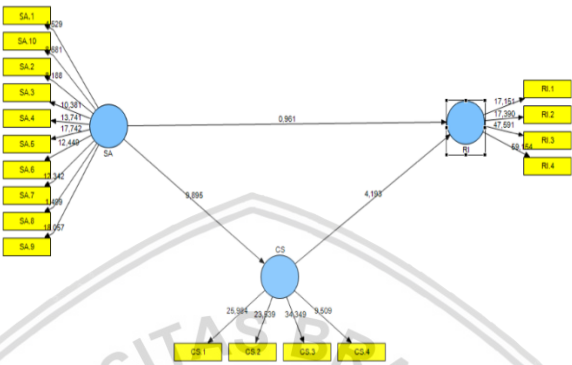
	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)
CS -> RI	0,554158	0,560533	0,142497	0,142497	3,888903
SA -> CS	0,667148	0,675658	0,070199	0,070199	9,503678
SA -> RI	0,122766	0,116552	0,147359	0,147359	0,833105

APPENDIX 4

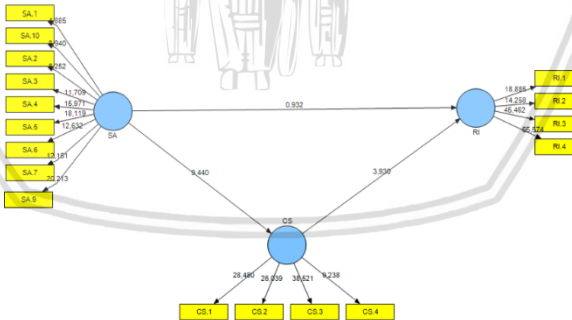
PATH COEFFICIENT ANALYSIS



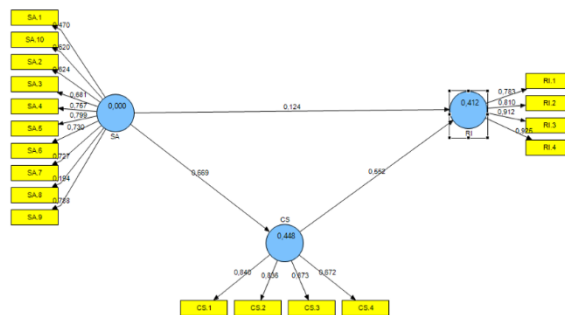
A. Boothstrapping



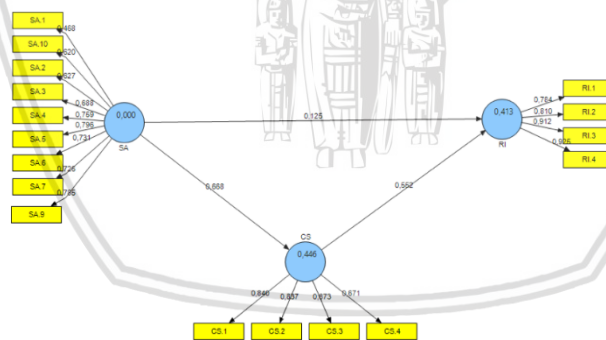
B. Boothstrapping after Analysis



C. Path Coefficient



D. Path Coefficient after Analysis



APPROVAL PAGE

Minor thesis entitled:

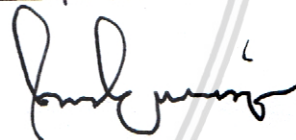
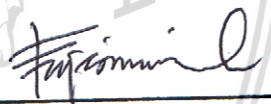
**The Influence of Store Atmosphere on Repatronage Intention
With Customer Satisfaction as A Mediator in Giant Malang**

Written by:

Name : Larasita Krisna Novita
Student ID : 135020207121009
Department : International Management
Concentration : Marketing
Faculty : Economics and Business

Has been examined by the Board of Examiners on October 16th, 2017 and
certified as the requirement for the degree Bachelor in Economics

1. Taufiq Ismail., SE., SS., MM
NIP. 2013048305101001
(Supervisor)
2. Prof. Dr. Ubud Salim., SE., MA
NIP. 195510141986012
(First Examiner)
3. Rahaditya Yuniarto, SE., MM
NIP. 2013048406211001
(Second Examiner)



Malang, November 5th 2017

Head of Management Program



Dr. Siti Aisjah, SE., MS., CSRS, CFP *has*

NIP. 196011111986012001

CHAPTER I

INTRODUCTION

1.1 Background

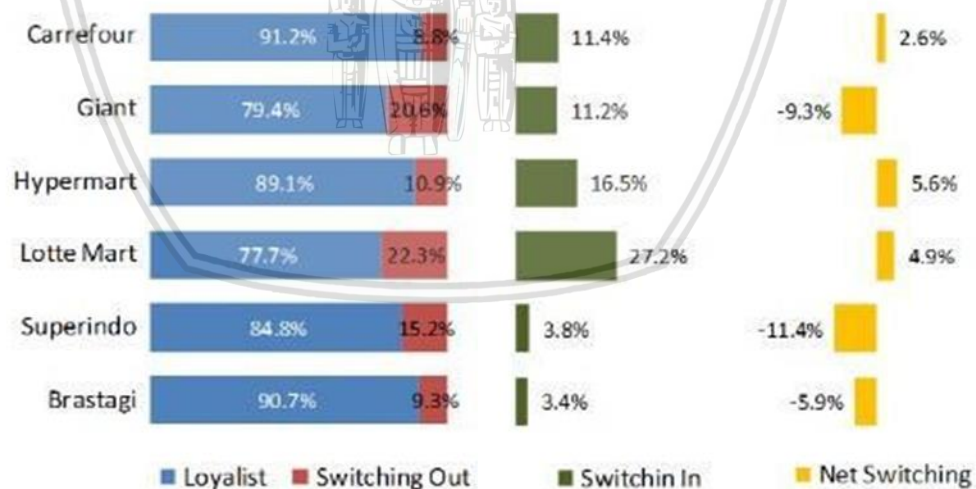
Retail is a business activity to add the value of products or services sold to consumers either for individual or family need. Retailing industry has long been accounted for a substantial economic growth of Indonesia. Retail industry in Indonesia has been experiencing rapid growth, characterized by the availability of either traditional or modern retail store which can easily found everywhere. Even, sometimes people find two different retail store locations next to each other or accross the street. With the rapid growth of retail establishments over the years, retailing industry in this country has become very competitive (Tan, 2004).

In Indonesia, retail business is one of the sectors that have good prospect basedon.the Master Card survey. Indonesia is the country with the highest rapid growth after China (www.temppointeraktif.com). With a population of more than 250 millions,Indonesia has a potential for retail sector. Furthermore, Indonesia"s retail sector is acombination between modern and traditional retail outlets so it opens up new opportunities for both modern and traditional entrepreneurs. As a result, the number of modern retail outlets has soared from 11,927 in 2007 into 36.000 in 2015,dominated by the existence of convenience store or mini-markets as the fastestgrowing segment as it has increased 400% in the last 10 years.

The first modern retail outlet was introduced to Indonesia through the opening of the SarinahDepartment Store in 1962 whichwas followed decades later by the

opening of the first foreign retail chain, Sogo, in early 1990s. However, Indonesian traditional markets are unable to compete with modern retail. According to AC Nielsen in 2007 the number of traditional markets in Indonesia decreased by 8 %, while modern retail grew by 31,4% per year. Now, modern retailers are not only expanding their business in large cities, such as Jakarta and Surabaya, but also moving out town to secondary cities beyond provincial capitals and even to the eastern islands of Indonesia which are generally unexplored and underserved (www.gbgindonesia.com).

Top Brand Survey that measures Top Brand Index is used to know consumer switching behavior. The following is shown consumer switching behavior based on Top Brand 2012 survey results, for hypermarket category.



Source: Economic Frontier Consulting Group Research Division, 2012

Figure 1.1
Brand Switching Analysis of Hypermarket Category

The growing development of retail industry will lead to competition among modern retailers. In addition, the development of retail industry allows consumers to choose the preferred retail which match their desires. Consequently, consumers can easily change the retail visited, or remain loyal with a retail because they have already felt that the place is right.

Based on figure 1.1 concluded it appears that Carrefour, Hypermart, and Lotte Mart is a predicted brand that will increase the number of visitors in the future. Net switching figures for all three brands are positive. The number of other brand visitors who will switch to the three brands (switching in) is more than visitors of the brand who will switch to another brand (switching out). Conversely, the other three brands like Giant, Superindo, and Brastagi have negative net switching.



Source: Euromonitor, 2016

Figure 1.2
Indonesia: Retail Sales Value Share (%)

Based on figure 1.2 concluded that the Indonesian retail sector became more competitive, benefitting consumers and taking market share from traditional retail stores. Foreign retailers in Indonesia include Carrefour, Trans Mart, Giant, Lotte Mart, Superindo, AEON, etc. Some modern retail chains have multi-format outlets. Hypermarket, supermarket, convenience shops, and minimarket.



Source: Euromonitor, 2016

Figure 1.3
Indonesia: Modern Retail Outlets Sales (IDR Trillion)

Based on figure 1.3 concluded that statistics Indonesia reports that 2015 monthly average per capita was IDR 412,462 (\$30,73). This averages approximately 48 percent of total monthly expenditures per capita.

Table 1.1

Indonesia: Wholesale, Hypermarket and Supermarket outlets

Retail Name & Market Type	Ownership	Sales/Year 2015	No. of Outlets 2015/2016	Locations (city/region)	Purchasing Agent Type
Carrefour/Trans Mart	Trans Retail Indonesia, PT (Local owner November 2012)	N/A	As of February 2016: 90 Carrefour & Transmart outlets; 2 Groserindo outlet	Jakarta and its surrounding, several cities in Medan, Batam, Palembang, Jakarta, Serang, Depok, Bekasi, Tangerang, Cikarang, Karawang, Cibinong, Bandung, Cirebon, Yogyakarta, Solo, Pekalongan, Semarang, Madiun, Surabaya, Jember, Malang, Makassar, Denpasar, Singaraja, Pontianak, Mojokerto, Magelang, Palu, Cimahi and Pasuruan	Direct Agent/Importer, Distributor
Giant	Hero Supermarket Tbk, PT (Dairy Farm Hongkong)	Net Revenue of Hero retail group in 2015: IDR 14.35 trillion	As of August 2016: 55 Giant Extra outlets 117 Giant Express (Supermarket type) outlets	Jakarta, several cities in Banten, West Java, East Java, Bali, Bandar Lampung, Bengkulu, Jambi, Pekanbaru, Banjarmasin, Balikpapan, Samarinda, Batam, Kupang, Medan, Binjai, Palembang	Direct Agent/Importer, Distributor

Table 1.1: Continued

Retail Name & Market Type	Ownership	Sales/Year 2015	No. of Outlets 2015/2016	Locations (city/region)	Purchasing Agent Type
Hypermart	Matahari Putra Prima Tbk, PT (Local-Temasek, Singapore)	Sales of PT. Matahari Putra Prima Tbk in 2015: IDR 13.9 trillion	As of December 2015: 112 Hypermart outlets	Madura, Surabaya, Bali, Lombok, Binjai, Medan, Pekanbaru, Padang, Jambi, Bengkulu, Palembang, Lampung, Batam, Bangka, Pontianak, Palangkaraya, Pangkalanbun, Banjarmasin, Balikpapan, Samarinda, Manado, Gorontalo, Palu, Palopo, Makassar, Kendari, Baubau, Kupang, Ternate, Ambon, Jayapura	Direct Agent/Importer, Distributor
Indogrosir	Indomarcopris matama, PT (Local)	N/A	As of June 2016: 16 outlets	Jakarta, Tangerang, Bekasi, Bandung, Semarang, Yogyakarta, Surabaya, Palembang, Pekanbaru, Medan, Samarinda, Pontianak, Bogor, Banjarmasin, Manado	Direct Agent/Importer, Distributor
Lotte Mart (former Makro Wholesale)	Lotte Shopping Indonesia, PT (South Korea)	N/A	As of June 2016: 27 wholesaler format outlets 14 hypermarket format outlets	Jakarta, Tangerang, Serang, Bekasi, Bandung, Semarang, Yogyakarta, Solo, Surabaya, Medan, Pekanbaru, Palembang, Bali, Makassar, Banjarmasin, Balikpapan, Cirebon, Bogor, Batam, Tasikmalaya	Direct Agent/Importer, Distributor

Table 1.1: Continued

Retail Name & Market Type	Ownership	Sales/Year 2015	No. of Outlets 2015/2016	Locations (city/region)	Purchasing Agent Type
Save Max Super Grocer	Emporium Indonesia, PT (GunungSewu Group) (Local)	N/A	As of June 2016: 2 outlets	Tangerang, Cibubur	Agent/ Importer, Distributor
AEON	AMSL Indonesia, PT (Japan)	N/A	As of June 2016: 1 outlet	Tangerang	Agent/ Importer, Distributor
Alfa Midi (bigger than minimarket but smaller than supermarket)	Midi Utama Indonesia Tbk, PT (Local)	Net revenue in 2015: IDR 7.17 trillion from Alfamidi, Alfa Supermarket & Lawson	As of December 2016: 1023 Alfamidi outlets 2 Alfa Supermarket	Jakarta, Bogor, Tangerang, Surabaya, Makassar, Samarinda, Medan, Malang, Bali	Direct Agent/ Importer, Distributor
Food Mart group/ Food Mart Gourmet	Matahari Putra Prima Tbk, PT (Local Temasek, Singapor	Sales of PT. Matahari Putra Prima Tbk in 2015: IDR 13,9 trillion	As of Dec 2015: 23 food mart Primo and Foodmart	Jakarta, Tangerang, Bogor, Krawang, Cirebon, Klaten, Purwokerto, Yogyakarta, Surabaya, Jember, Bali, Balikpapan, Samarinda, Ambon, Padang, Ambon, Medan, Palembang	Direct Agent/ Importer, Distributor

Table 1.1: Continued

Retail Name & Market Type	Ownership	Sales/Year 2015	No. of Outlets 2015/2016	Locations (city/region)	Purchasing Agent Type
Hero	Hero Supermarket Tbk, PT (Dairy Farm-Hongkong)	Net revenue from Hero retail group in 2015: IDR 14.35 trillion	As of August 2016: Hero 33 outlets Jason supermarket 2 outlets	Jakarta, Bekasi, Bogor District, Tangerang, Tangerang Selatan, Bandung, Yogyakarta, Surabaya, Sidoarjo, Mataram, TembagaPura, Timika, Makassar, Balikpapan	Direct Agent/Importer, Distirbutor.
Farmers Market	Supra Boga Lestari Tbk, PT (Local)	Net revenue in 2015 from Framers Market & Ranch Market IDR 1.92 trillion	As of Dec 2015: 15 outlets	Jakarta, Tangerang, Bekasi, Kerawang, Balikpapan	Direct Agent/Importer, Distributor
SPAR	Ramayana LesatriSentosa Tbk	Sales in 2015 form Ramayana Dept Store and SPAR supermarket IDR 7.78 trillion	As of July 2016: 17 outlets	Bogor, Cibubur, Cibitung, Jakarta, Cilegon, Serang	Agent/Importer, Distributor

The concept of retail is a management orientation that focuses on retail indetermining the needs of the target market and meet its needs more effectively and efficiently. Successful retailers have to know the needs of customers in a segment of the market than competitors. The main task in developing a retail business is to set a target market. This process begins with defining market.

Based on table 1.1 Hero Group's company name officially became one of the global retailers from Indonesia and operates like other world-class retailers. PT. Hero Supermarket expanded turned into a Giant for Hypermarket segment. The Giant Hypermarket is open to accommodate the public enthusiasm for shopping with good service and affordable price. Giant Hypermarket was first opened in Indonesia in 2002 in Tangerang. In addition to strength in the retail segment, Hero Group shares are becoming larger with the Giant as an International Hypermarket. PT Hero Supermarket Tbk employs more than 13,700 people and serves customers in 576 outlets. The company has already had 53 outlets of Giant Hypermarket, 138 of Hero stores and Giant supermarkets, 241 Guardian health and beauty stores, and 144 Starmart.

Giant is one of the largest players of the retail industry in Malaysia and ithas more than 85 branches spread throughout the country in Indonesia. Beside that, Giant has already got several awards such as Best Brand Platinum in 2015, The Sindo Corporate social Responsibility Awards 2015, Superbrands 2015, and Social Media Award 2013. This resultmakes Giant always want to maximize its service quality and product quality.

Giant supermarket was opened as the first branch in Malang at February 2012 at jalan Kawino. 24 Malang City. This supermarket was opened in Malang

because consumers' enthusiasm in shopping grocery product is high, which makes Giant decided to expand its branch in Malang City. The consumers can buy their daily need and they will have self-satisfying buying in Giant because the supply of goods in Giant Malang has already been guaranteed in terms of its quality (halomalang.com)

Malang is one of the emerging cities in Indonesia where the growth of retail stores is quite fast. There are two major classes in retail industry which are local and foreign company. In Malang there are some local retail stores such as Sardo store, Avan store, Ratu store, Avia store, etc. Those retail stores existence have shown that Malang citizen have a consumptive lifestyle as the habit. There are more than 40 retail stores in Malang, excluding the small and medium enterprises in Malang. It means that Malang has a potential retail industry in line with the number of Malang City citizen who have consumptive lifestyle.

Consumers nowadays become cleverer and consider several aspects in selecting a retail store. They look for a retail store that provides good quality product, excellent service quality, and an affordable price. For the business success and profitability, customer satisfaction act as a key driver, they also asserted that satisfied customer are motivated to re-purchase refer to others and which led to lower cost to remain existing customer rather than new customer. Jones and Sasser (1995) stated that high quality product and services drive the customer needs and ensure high level customer satisfaction as well as high level customer satisfaction associate with customer loyalty.

These conditions requires Giant to be more selective in providing efficient service to fulfill the desire and needs of the customer. Customer is the key to prove

the winner of competition with other business practitioners. The effort in maintaining loyal customers is also influenced by various factors in the retail industry, such as customer satisfaction with the service quality, a buying interest, and customer purchasing decisions.

Store atmosphere is part of underlying dimensions of retail store image (Baker *et al.*, 2002:122; Baker *et al.*, 1992:446). This means store atmosphere have an important role to attract costumers (Berman & Evans, 2013:542). In addition, store atmosphere significantly influences the customer's choice of the retail store (Thang& Tan, 2003:195), customer's shopping enjoyment, merchandise choices, their tendency to spend more money , and their actual purchase behavior (Berman & Evans, 2013:544; Baker *et al.*, 2002:125). The main purpose of this theory is to examine how store atmosphere may influence customer satisfaction and re-patronage intention towards Giant hypermart.

Nowadays, people are hardly to satisfy; consequently, the demand to a satisfying service is even more challenging. The main goal of the entire marketing or business industry is to achieve customer satisfaction. Now in the era of globalization, customer's expectation and perception toward product or service change rapidly. Consumer's perceptions of service quality are related to satisfaction (Bei and Chiao, 2001). They encourage that customer satisfaction and service quality provide the key to achieve repeat patronage or purchase (Spreng *et al.*, 1995). According Cronin and Taylor (1994) service quality has a significant effect on repurchase intention.

Research has found that as satisfaction increases, so do positive intentions (Oliver and Linda, 1980; Swan *et al.*, 1985) as well as the aspects how they

achieve satisfaction of product or service and effect to repatronage intentions. Bitner and Zethmal (2003) stated that satisfaction is the customer's evaluation of a service or product in terms of whether that service or product has met her/his needs and expectations. Overall, satisfaction has been used more than transaction specific satisfaction to predict customer behavior.

Therefore, Giant needs to increase a good service quality and product so that customers are able to identify its goods and service. This is done to influence the repatronage behavior of customer. This phenomenon can be used as a way to investigate the relationship between service quality and customer satisfaction in retail business. By conducting the investigation the management of Giant notify what actually customers expect from the store in order to have a revisit intention so that they will be back purchasing good in Giant in the future.

Based on explanation above, the writer is interested in conducting a research regarding the influence of service quality on customer satisfaction and repatronage intention of Giant Malang and thus she entitles her study "**The Influence of Store Atmosphere on Repatronage Intention with Customer Satisfaction as A Mediator in Giant Malang**".

1.2 Research Problem

From the description of the research background which has previously been discussed, the research problems in this study can be described as follow:

1. Does Store Atmosphere give a significant influence on customer satisfaction of Giant Malang?
2. Does Customer Satisfaction give a significant influence on repatronage intention of Giant Malang?

3. Does Store Atmosphere give a significant influence on Repatronage Intention of Giant Malang?

1.3 Research Objectives

1. To analyze the influence of store atmosphere towards customer satisfaction
2. To analyze the influence of customer satisfaction towards repatronage intention
3. To analyze the influence of store atmosphere towards repatronage intention

1.4 Research Significance

Based on the research problem and objectives, this research has several significances which are elaborated as follow:

1. For future researcher

This research is expected to give insight and knowledge for other researchers who are interested in the same topic, especially about store atmosphere, customer satisfaction and repatronage intention toward retail industry which is Giant.

2. For company or institution (PT. Hero Supermarket tbk)

This result of this research is expected to be an evaluation of PT. Hero Supermarket tbk to be able to measure customer in purchasing in Giant. It also provides insight on the factors that influence customer satisfaction, store atmosphere and repatronage intention to maintain its service and products.

CHAPTER II

LITERATURE REVIEW

2.1 Marketing Concept

The marketing concept focuses on the need and desires to understand the customer's want just before creating a product or service for them. With the customer's wants and needs fused the value of the product, sales, and profit goals are far would be met. Customer's satisfaction is key to the organization so the need to understand the customer is highly important. Marketing research techniques were bought about just for that purpose. Whatever the strategy, the goal is to know the customer needs and want, so the organization can better serve its customers to fulfill their satisfaction.

The marketing concept can be seen as a guide to ensure the satisfaction of customer needs and wants. The marketing concept is based on the principle that individuals who do not have a need or desire for the products which the firm is selling simply not purchase it. According to (Peter and Donnelly; 2004), it is stated that the concept of marketing means that organizations should try as much as possible to strive to be profitable by serving the needs of customers. Kotler and Keller (2009) argued that marketing is often known to be the art of just selling products, and the truth is that many people are shocked to find out that selling is just the tip of the marketing iceberg.

In this concept, consumers must be categorized into different market segments depending on their various needs and wants, then the consumers in each market segment will receive the offer of any organization to satisfy their various desires.

The main objectives of the marketing is maximization of profits by the satisfaction of customers. Shiffman and Kanuk (2004) identify the key elements of marketing concept as follows:

1. Satisfaction of customers: The customer is the center point of the organization. The organization must aim at developing those products and services, which will lead to the satisfaction of customers.
2. Integrated marketing: It comprises of the functional unit an organization such as the production, finance, human resource, marketing should be integrated to satisfy the needs and desires of the customers.
3. Profitable sales volume: Marketing is tagged successful if only it is able to maximize profit in sales volume and also a long term customer satisfaction.

2.2 Concept of Marketing in Service

Marketing a service is absolutely different from marketing a product. According to Lovelock (2011), there are several differences between marketing a service to marketing a product. In marketing a service, customers do not acquire an ownership. As service offered is an intangible product, such as hotel rooms service or car rental, the length of ownership is temporary. In some cases, customer is also involved in the production process of a service, such as ATM or salons. The customers serve themselves by collaborating with the service machine provided by the company. Similarly, people become a part of the products in service company, such as restaurant, which involves people in delivering orders. The performance of the employees affects the customer's satisfaction.

2.3 Store Atmosphere

Atmosphere is defined as the feeling towards the shopping experience which cannot be seen (Miliman, 1986). In 1973, Kotler described it as the design of retail chain outlet effects on buyer in increasing their purchasing probability. According Srinivisan and Srivastava (2010) the image and the impressive atmosphere on retail chain outlet creates a memorable experience among the consumers, which directly affects consumer's purchase intention and their decision making process. When costumers feel satisfied and comfortable of the retail environment of the store, they spend more time in a particular store and buymore because of pleasant environmental stimuli (Bohl, 2012). The environment of retail chain outlets has an important impact on consumer's emotion and satisfaction.

There are several references to the definition of store atmosphere. (Matquard, 1983), stated that it refers to the overall sensory (sight, sound, smell, touch) impression that a store's physical facilities and merchandisingactivities creates. It refers to the physical store used to develop the image of store. According to Baker (2012) the element of store atmosphere could be operated into the followingobjects:

1. Ambiance Factor focuses on environmental effects on first time should be extended to cover all customers. Experienced customer might accidentally pick/avoid a store due to Ambient factor.
2. Design Factor is physical cues observe the level of pleasure in service experience. Functional factors facilitate the behavior of customers in the service scope.

2.3.1 The Importance of Store Atmosphere

Bourlakis et al. (2005) argued that retailers should implement store atmosphere, because of the number of competitive retailers providing similar or differentiated merchandise. The retail store itself can provide customers with a unique store atmosphere that affects customers emotions. This emotions can influence customers purchasing decision, decision making and consumer behavior (Jiang & Liu, 2014). As a result, store atmosphere is important and it provides retailers with numerous benefits such as:

1. Store atmosphere provides an overall perceived offering

Kotler (1973) stated that customers use their sense to experience the store atmosphere. Therefore, store atmosphere is described in sensory terms, which customer's main sense organs called them as sight, sound, scent, and touch. These sensory will affect customers emotions so that they can find experience such as exciting, pleasant, and relaxing or unpleasant, distressing or arousing (Donnovan & Rossiter, 1982). However, customers perceptions regarding retailers retail store image and the quality of the store atmosphere may vary. Therefore, store atmosphere considered to be the overall offering customers perceive to receive from retailers (Kotler, 1973).

2. Customers purchase pleasing retail experiences

Retailers should consider the various purchasing motivations of customers in order to connect their philosophies and strategies to create a suitable store atmosphere for customers. It means the retailers should be able to

create a pleasing shopping space by facilitating the organization of retailers and their merchandise.

3. Store atmosphere encourages behavioral responses

Positive perceptions regarding the store atmosphere result in positive consumer behavioural responses of customers returning to the retailer (Berman & Evans, 2013). Therefore, store atmosphere is important to attract customers and influence their perceptions, and facilitate consumer behavior of future patronage (Jiang & Liu, 2014).

2.3.2 Elements of Store Atmosphere

Store Atmosphere has different elements that has been identified (Jiang & Liu, 2014). Since customers experience the store atmosphere primarily through their senses (Berman & Evans, 2013). According Zentes et al., (2007), the different store atmosphere elements have five senses during a store atmosphere experience, which are on the Table 2.3 as below.

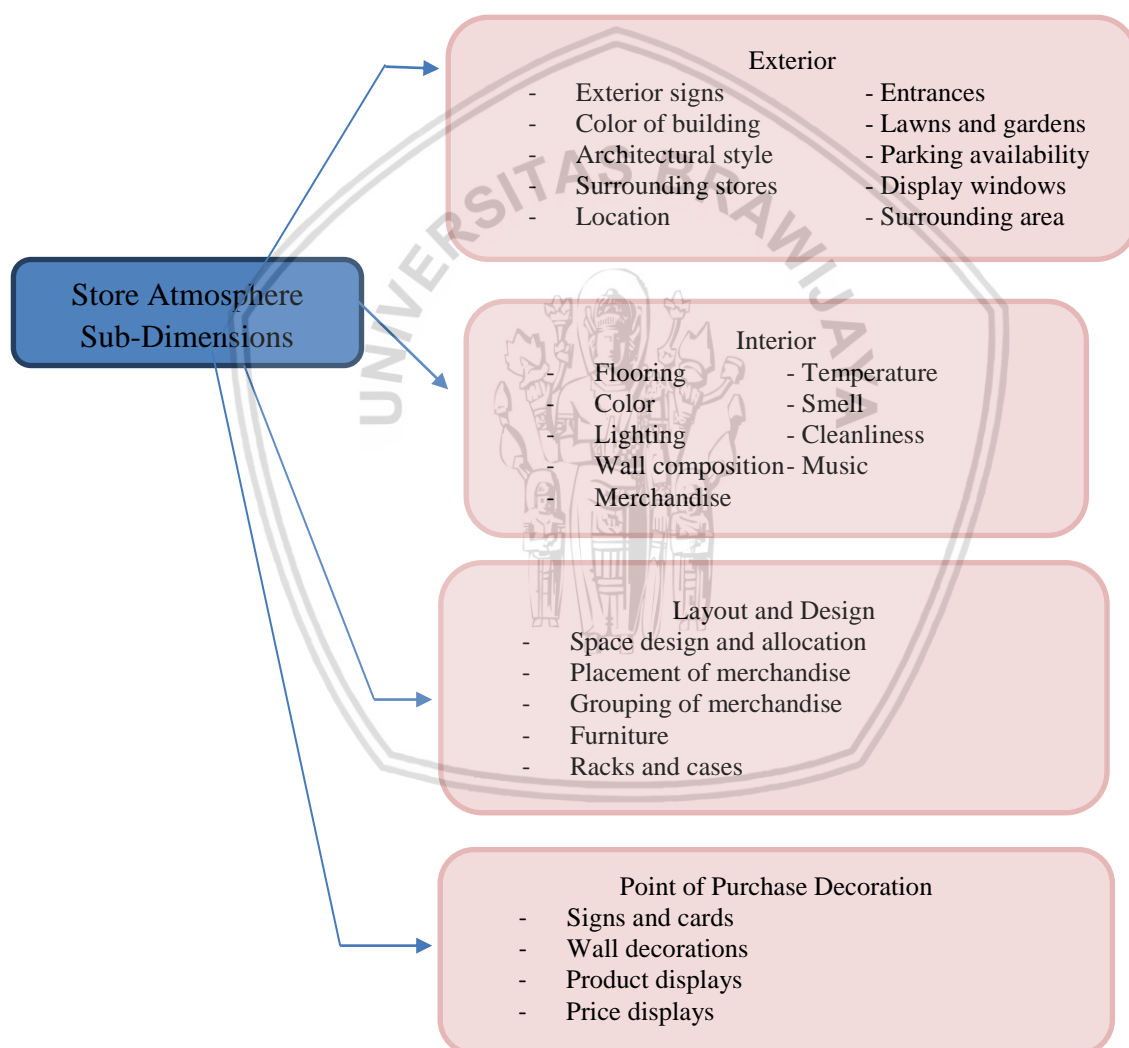
Table 2.1
Elements of Store Atmosphere

Element	Customers' five senses
Color, brightness, sizes, shapes of fixtures and merchandise, floors, sales personal appearance	Visual sense
Background music, audio advertising, in-store radio, noises from other customers	Auditory sense
The scent in the store	Offactory sense
The material used for floors, the sensation of touch in merchandise	Tactile sense
Food samples	Gustatory sense

Source: Adapted from Zentes et al (2007)

2.3.3 The Sub-Dimension of Store Atmosphere

Berman and Evans (2013) recommend that retailers consider certain sub-dimensions when designing the store atmosphere. The sub-dimensions of store atmosphere consist of exterior sub-dimension, interior sub-dimension, layout % design, and decoration. These sub-dimensions are specifically used to enhance customers retail experience by creating an overall exciting retail environment



Source: Adapted from Berman and Evans (2013), Ballantine et al (2010) and Turley and Milliman (2000).

Figure 2.3
Store Atmosphere Sub-Dimension

2.4 Customer Satisfaction

Customer Satisfaction refers to a belief which leads to the creation value for customers in managing their expectations, showing ability and responsibility to satisfy their needs (Usta et al., 2010). According Wai and Low (2005), customer satisfaction is important to determine the quality of service delivered to the customer through service or products. Customer satisfaction is also an evaluation from customer's assessment by performance done to date (John Son and Fornell, 1991). As an overall evaluation, it shows that satisfaction typically mediates the effects of product quality, service quality, and price or payment equity on loyalty (Bolton and Lemon, 1999, Fornell et al., 1996). While Westbrook and Reily (1983) explains customer satisfaction as an emotional response on related experience with the purchased product or service, retail outlets or behavior patterns, such as shopping or buying behavior, and overall markets.

According to Hokanson (1995), there are many factors that affect customer satisfaction, this is shown in figure 2.4 below

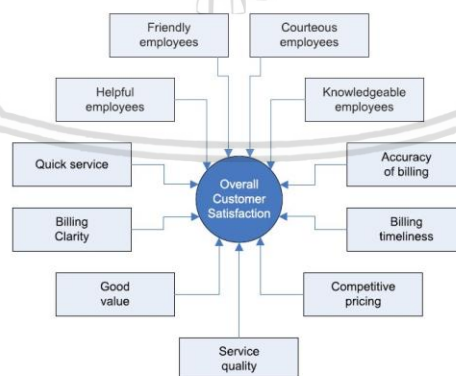


Figure 2.4
Factors that Affect Customer Satisfaction

In order to achieve customer satisfaction, a company must be able to satisfy customers needs and wants (La Barbera and Mazurky, 1983). However, the desire

of customers depends on human needs because they have an individual personalities.

2.4.1 The Importance of Customer Satisfaction

Bowen and Chen (2001) stated that having a satisfied customer is not enough, but it must be accompanied by having a very satisfied customer. This is because customer satisfaction increases the number of loyal customers. According to Bansal and Gupta (2001), building customer loyalty no longer deals with business because it is only way to build sustainable competitive advantage. The following are the strategies for building a loyal customer :

- Focus on customer desires
- Proactively generate high level of customer satisfaction with every interaction
- Anticipate customer needs and respond to them before competitive does
- Build a good relation with customer
- Create a value perception

This study is also reviewed by Anton (1996) who stated that satisfaction is positively associated with repurchase intention possibility suggesting some product or service, loyalty, and profitability. And then, customer satisfaction is more likely to repeat (and even become loyal) customers (Guiltnan et al., 1997).

Measuring customer satisfaction is very difficult because it is an attempt of addressing human feeling. The following are some ways to know how customer feel that the researcher can use (Levy, 2009):

1. Conduct a survey where customer feedback can be transformed into measurable quantitative data.

2. Conduct a focus group or informal where discussion organized by a trained moderator reveal what customer thinks.
3. Do an informale measures like reading blocs, talking directly to customers.

2.5 Repatronage Intention

Repatronage intention is known as ‘shopper’s revisit intention’ or continuance intention that usually becomes an outcome variable in the context of retail operation, or synonymous as customer retention (Wakefield & Barnes, 1996). In other words, it refers to how likely a shopper will continue shopping at a retail store in the future. According to Jones, Reynolds, and Arnold (2006), shopper’s repatronage intention toward a retailer usually corresponds to customer’s decision of choice. Furthermore, repatronage intention is seen as the individual’s judgement about doing a repurchase from the same company.

2.6 The Relative Importance of Customer Satisfaction for the Prediction of Customer Repatronage Intention

Both service and customer satisfaction proved that repatronage intention of customer makes them to repurchase/revisit at the same place. Some companies believe that management on the company would like to know which variables can influence repatronage intention. According to Ravald and Gronroos (1996), customer satisfaction is better predictor intention to repatronage intention than service quality. Meanwhile, from practitioners point of view customer satisfaction is assumed to be more influential than repatronage intention (Dabholkar, 1995). Other experts have the same statement that customer satisfaction is likely to achieve a greater significance when both service quality and customer satisfaction have a

significant effect on repatronage intention (Parasuraman, Zeithaml, and Berry, 1994).

2.7 Research Framework

Research is an activity in gathering information, documenting facts, and searching some information (Leedy & Ormrod, 2001). The research process is the systematic process in finding objective, managing data, and establishing the frameworks using the existing guidelines. The frameworks and guidelines provide the researchers with an indication of what to include in the research, how to perform the research and what type of inferences that are probable based on the data collected.

In this research, the researcher wants to analyze the influence of service quality delivery on customer satisfaction and repatronage intention of Giant Malang. In this research, the exogenous variable is service quality while the intervening variable is customer satisfaction and the endogenous variable is repatronage intention. The researcher used quantitative research by distributing questionnaire to collect the data of Giant's consumer in Malang City as the population sample. The aim of this research was to investigate the effect of customer satisfaction to repatronage intention as the final result of this research:

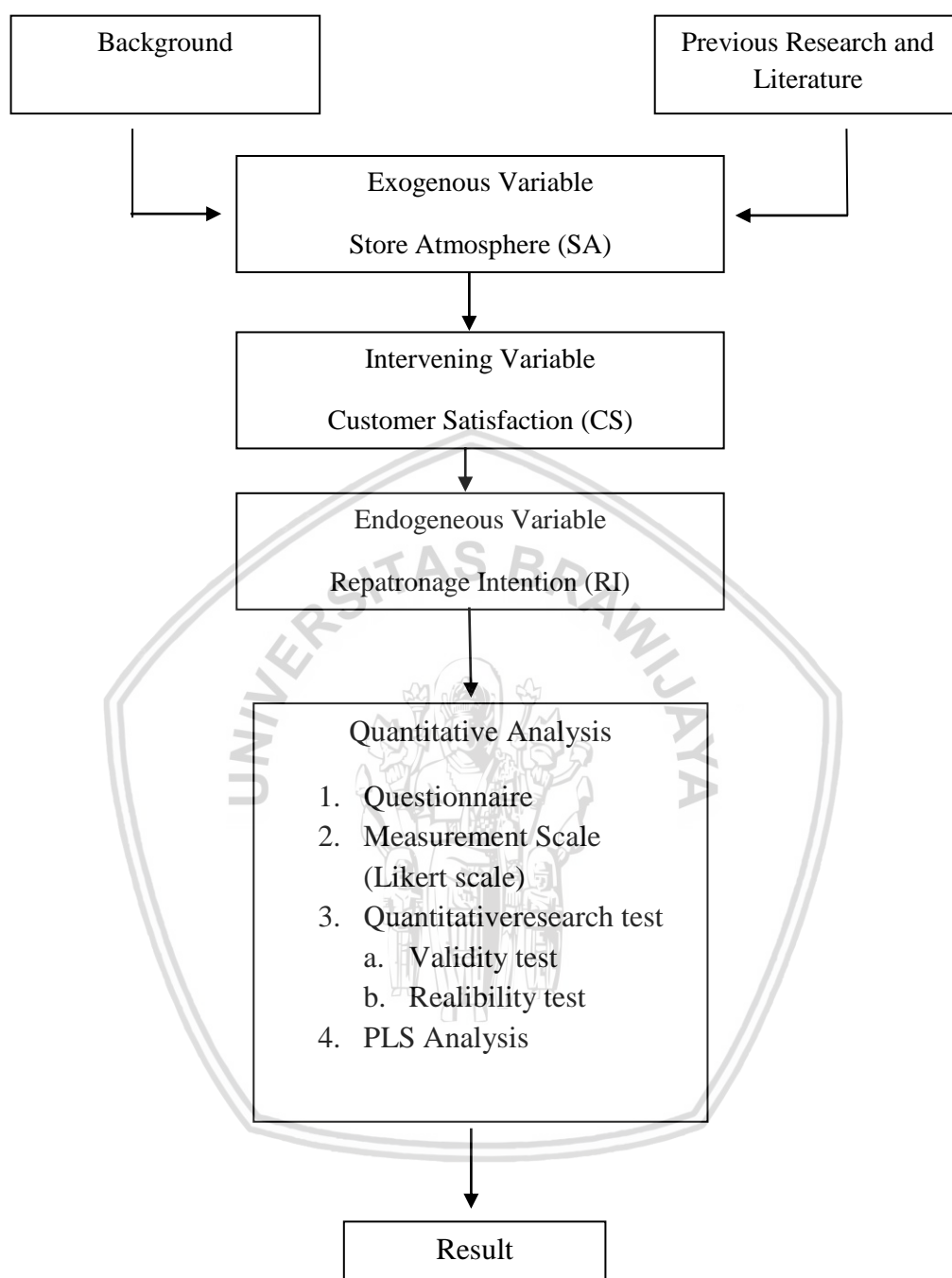


Figure 2.5
Research Framework

2.8 Research Hypothesis

Research hypothesis can be defined as a tentative explanation of the research problem, possible research results or allegations about research results (Sarantakos, 1993;1991). A hypothesis is also described as a tentative prediction about the relation of variable to another variable. However, the hypothesis is always in a declaration sentence form, and it is related, generally or specially to variables. In this research, the hypothesis were formulated based on the previous research and theory. The hypotheses in this research are:

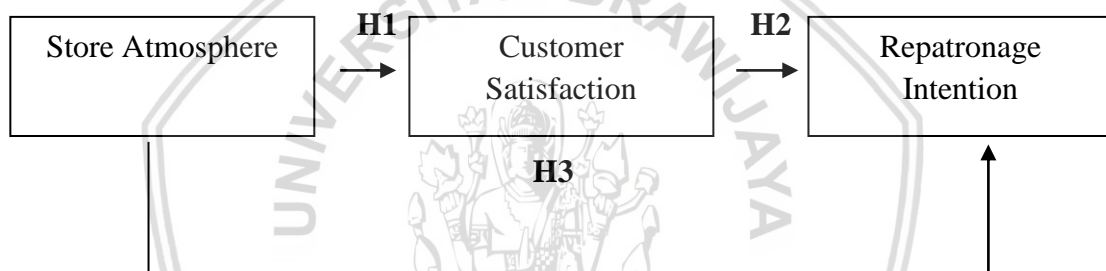


Figure 2.6
Conceptual Framework

2.8.1 Store Atmosphere and Customer Satisfaction

A pleasant store atmosphere will result in customer satisfaction with the overall retail experience in the retail store (Soars, 2009). However, this is the important to remember that customers will compare their previous experiences or current expectations with their perceptions of the same retail store (Law et al., 2012). As a result, customer satisfaction happened in once retailers meet customers expectations regarding merchandise performance. Therefore, customers retail experience with rate the store atmosphere that consequently influence their satisfaction (Wilson et al., 2012). Therefore, it leads to the hypothesis (H1) that:

H1: Store Atmosphere has a significant and positive influence on customer satisfaction

2.8.2 Customer Satisfaction and Re-Patronage Intention

Customer satisfaction is important to the marketer because it is generally assumed to be a significant of repeat sales, positive word of mouth, and customer loyalty (Bearden and Teel, 1983). Similarly, Anderson and Sullivan (1993) have also argued that the more satisfied the customers are the greater is their retention. While, the degree of customer satisfaction will influence the level of repurchase intention (Rust and Zahorik, 1993; Taylor and Baker, 1994; Patterson and Spreng, 1997; Bolton, 1998; Hellier et al., 2003). When satisfaction is achieved, the customer are more likely to repatronize the store (Law et al., 2004; Hicks et al., 2005). However, this study reveals that customer satisfaction is possible to achieve a greater impact when both service quality and customer satisfaction have a significant effect on repurchase intention. Therefore, it leads to the hypothesis (H2) that:

H2: Customer satisfaction has a significant and positive influence on repatronage intention

2.8.3 Store Atmosphere and Repatronage Intention

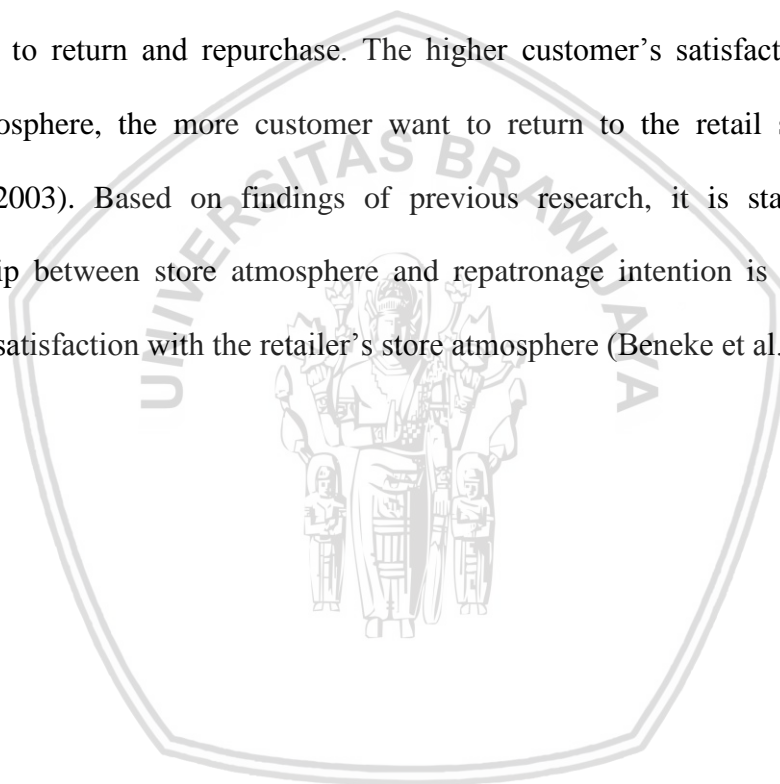
Experiencing a pleasant store atmosphere increases customers intention to return to the same retail store, since customer's appraisal of the actual and overall retail experience influences their decision to repurchase (Wilson et al, 2012). This makes the customers to repurchase at the same retail store based on store atmosphere (Zhou et al., 2012). Therefore, it leads to the hypothesis (H3) that:

H3: Store Atmosphere has a significant and positive influence on repatronageintention

2.9 Proposed relationship between Store Atmosphere, Customer

Satisfaction,and Repatronage Intention

As mentioned previously, store atmosphere influences customer's repatronage intention which this relationship only occurs if retailers provide customer's need on shopping experience by a pleasant store atmosphere. This constructs will encourage customers to return and repurchase. The higher customer's satisfaction with the store atmosphere, the more customer want to return to the retail store (Wong &Sohal, 2003). Based on findings of previous research, it is stated that the relationship between store atmosphere and repatronage intention is mediated by customer satisfaction with the retailer's store atmosphere (Beneke et al., 2012).



CHAPTER III

RESEARCH METHOD

3.1 Type of Research

Based on the research purpose, model and hypotheses, this research uses a quantitative approach. Quantitative research is the numerical representation of observations for the purpose of describing and explaining the phenomena of those observations. Malhotra (1999) stated quantitative research is a methodology that aims at quantifying a statistical analysis. Furthermore, this research method is measurable in systematic way of investigation of phenomena and their relationship. Based on the characteristics of the proposed problem, this research is categorized into an explanatory research. Explanatory research is known as hypotheses testing providing an understanding of the relationships that exist in between. According Maxwell et al (2008), explanatory research generally has been quantitative and has been prior hypotheses by measuring relationships between variables.

3.2 Research Location

The research was conducted in Malang City using primary data method. The questionnaires were distributed to Giant consumers who live in Malang City.

3.3 Research Population and Sample

3.3.1 Research Population

Population are some of the parties designated as objects which can be people, events, or things that interest the researcher (Sekaran 2000; Churchill 1987). The element of this research is usually the respondent. The population in this research

Giant consumers who live in Malang City and have a purchasing experience in Giant Malang.

3.3.2 Research Sample

A sample is defined as part of target population, and is probably selected to represent the total population (Cooper and Schindler, 2001). The sampling process involves selecting the number of objects to be examined from the target population to make inferences about the entire population, including processes for determining population, sampling frame, sampling method, sample size and sample selection (Sekaran 2000; Zikmund 1999). Meanwhile, not every member of population can be selected as a sample. This research uses PLS which is part of Structural Equation Modelling (SEM), then the sample should be more than 100 (Hair et al., 2012). The researcher collected the data at Giant Malang for a week. During the process of collecting the data, the researcher was able to collect 223 respondents. 223 respondents were used for this research because the sample size is suitable for PLS. According to the Isaac and Michael Table, it provides a results of sample size based on error rate 1%, 5%, 10%. With this table, the researcher can directly determine the sample size based on the number of population, which means that 223 respondents are representative enough to be sample for this research.

3.3.3 Sampling Technique

Sampling is the process of selecting a sufficient number of elements from the population. There are two major types of sampling designs, called as probability and non-probability sampling. Probability sampling consists of simple random sampling, systematic sampling, stratified sampling, cluster sampling, double sampling, and are

sampling. In non-probability sampling, it includes convenience sampling, judgement sampling and quota sampling. According to Malhotra and Dash (2011) non-probability sample relies on the personal judgement of the researcher than chance to select the sample. The researcher used convenience sampling technique for the purpose of collecting the required data. Convenience sampling was selected for the purpose of the study if the researcher meets certain practical criteria, availability at a certain time, easy accessibility or the willingness to volunteer. However, Sekaran and Bougie (2013) mentioned that convenience sampling is mostly used during the exploratory phase and it is the best way of getting some basic information quickly and efficiently.

3.4 Types of Data

The types of data used in this research were collected from primary data and secondary data that consist of:

1. Primary Data

Primary data are the information obtained first-hand by the researcher on the variable of interest the specific purpose of the study (Sekaran, 2013). Data used in this study are obtained from primary sources. The primary data gathered for this research was obtained by distributing questionnaires to be respondent about their experience and satisfaction in purchasing at Giant Malang.

2. Secondary Data

Secondary data is the information gathered by someone or other resources. The information can be from books, government publications, media, etc. The

secondary data used in this research includes books, journals, articles, and other literature.

3.5 Data Collection Method

According to Sekaran and Bougie (2013), data collection method is part of research design. In this research, the data collection method used was primary and secondary data.

1. Primary Data

Questionnaire

Questionnaire is an efficient method of data collection when the researcher knows what should be asked and how to measure the variables of interest in order to be relevant and accurate (Sekaran, 2000; Zikmund, 1997). The data was collected by distributing questionnaire to 223 respondents of Giant customers in Malang City. The researcher distributed the questionnaire using google form and distributed it directly by approaching each respondent there.

2. Secondary Data

Literature Review

Literature Review is data collection method by studying the useful literature that supports and complements the data of this study. The researcher studied literature or relevant books, journals, articles, company documents, and annual or monthly report of Central Bureau of Statistics (BPS).

3.6 Operation Definiton of Variables

Operational definition is a statement of the specific dimensions and elements through which a concept will become measurable. In addition, the concept will be translated into measurable and observable elements to develop an index of measurement of the concept (Sekaran and Bougie, 2013).

There are three variables used in this research in total. The researcher adopted items to measure the variables from previous research to be used in this research. Thus, there are three variables and the items of the measurement of the research which are explained as follow:

1. The Exogeneous Variable

Store Atmosphere is stores physical environment which is the combination between stimulus and cues. Furthermore, store atmospheric is divided into two, which is interior and exterior store atmospherics. A stores exterior include designs, windows displays, signs, and entry ways which help the customers to identify the retailer and attract the target market shoppers. Besides, interior store includes store layout, merchandise, lighting, color, sound, scent, and cleanliness (Kurtz, 2013). However, retailer should provide a unique store atmosphere to affect customers patronage intention and the probability to make them stay in the store. For store atmosphere measurement scale, this research adapts a study on the role of store atmospherics in patronage intention of Indian fashion apparel buyers. The store atmosphere measurement scale is shown in the following table 3.1

Table 3.1
Store Atmosphere Measurement Variables

No	Scale Item	Code	Source
1	The entrance to the store is inviting	SA1	PannaBrishti and Shikha Gupta, (2015)
2	The colour of building is welcoming	SA2	
3	The store is located in an attractive surrounding	SA3	
4	The smell in the store is pleasing	SA4	
5	The layout of the store works well	SA5	
6	The merchandise in the store is well displayed	SA6	
7	The temperature in the store is comfortable	SA7	
8	The store is not overcrowded	SA8	
9	The merchandise in the store is well organized	SA9	
10	The pricing of the merchandise in the store is clearly visible	SA10	

Source: Data Processed, 2017

2. The Intervening Variable

Customer satisfaction is defined as customer's perception of quality of the product or service in relation to their expectations (Schiffman and Kanuk, 2007). In addition, customer interpreted their feeling as a result in a process of evaluating what has been received against what was expected from the purchase and usage of a product or service. In order to maintain profit, retailers or company should be keep their shoopers satisfied, buy fulfilling customer's expectations for the retailers. Customers measures whether the retailers can fulfill customer's expectations well, if not customers tend to show dissatisfaction. The customer satisfaction measurement scale was

adopted from Andreas and Budi (2015) where there are four measurement items.

Table 3.2
Customer Satisfaction Measurement Variables

No	Scale Item	Code	Source
1	I am very satisfied with the service provided in my preferred store	CS1	Yang and Chang, 2011
2	Compared to other hypermarket, I am very satisfied with this store	CS2	
3	I particularly enjoyed shopping in Giant	CS3	Mutaqien, 2013
4	I feel there is no discrimination in the process of Giant services to costumer	CS4	

Source: Data Processed, 2017

3. The Endogenous Variable

Repatronage Intentionare subjective judgement about how a person will behave in the future and usually serves as dependent variables in many service research and satisfaction models (Bouding et al., 1993).While Soderlund and Ohman (2003) argued that repatronage intention as expectations or defined as the individual's judgement about buying again in the same company. This research adapted Yap Sheau Fen and Kew Mei Lian (2012) for its repatronage intention scale as their research. The repatronage intention measurement scale is shown on the following table.

Table 3.3
Repatronage Intention Measurement Variables

No	Scale Item	Code	Source
1	I will probably use my preferred store in the future	RI1	Yang and Chang, 2011
2	My preferred hypermarket is my first choice when I go shopping	RI2	
3	I am glad to recommend my preferred store to my friends	RI3	
4	I will recommend my preferred store when someone asking my suggestion	RI4	

Source: Data Processed, 2017

3.7 Measurement Scale

There are two sections in the survey instruments. First section is related to personal information of the respondent and the second section is about customer perception on the dimensions service quality, customer satisfaction, and repatronage intention. In the first section of the questionnaire, respondents were asked to fulfill the questions regarding their personal information. This information is gained to support the data processing. In order to generate basic sources of respondents background. Four items of personal information were designed by categorical scale for cross-evaluation data including: sex, occupation, age, and latest education. In the second section, respondents were asked about their perception related to service quality, customer satisfaction and repatronage intention in term of purchasing at Giant Malang.

The measurement scale in this research uses Likertscale. Likert scale is designed to examine how strongly subjects agree or disagree with statements on a five pointscale in the following table.

Table 3.4
Measurement Scale

Answer Choice	Score
Strongly Agree	5
Agree	4
Neither Agree or Disagree (Neutral)	3
Disagree	2
Strongly Disagree	1

Source: Sekaran (2013)

3.8 Data Analysis Method

Data analysis based on Sekaran (2013) is a separating or breaking up of any whole on to its part especially with an examination of this part to find out their nature, proportion, function interrelationship, etc. This research uses Structural Equation Model with Partial Least Square (PLS) approach to proceed the data. Partial Least Square (PLS) is method data dimension reduction similar to principal components to find the most relevant factors both prediction and interpretation.

In addition, PLS handle all types of data and could be the assumptions about the characteristics of data (Hair et al., 2010). However many researcher used PLS method to find a data set that meets their requirements. The reason of using PLS method is this technique is suitable for analyzing data from non-normal distribution. Another reason of using PLS is based on Wong's (2010) opinion that is PLS becomes a good alternative when the following situations are encountered: (1) sample size is small; (2) applications have little available theory; (3) predictive accuracy is paramount; (4) correct model specification cannot be ensured and (5) definition of normal distribution is free. This research was processed using

SmartPLS version 2.0.

3.8.1 Inner Model (Structural Model)

Innermodels shows the relationship between latent variables based on substantive theory. Latent variable is divided into two classes, exogenous and endogenous. In measuring inner model, it uses R-Square for dependent construct, Godness of Fit, t test, and also the significance of the path coefficients of structural parameters.

3.8.2 Outer Model (Measurement Model)

The measurement model or outer model relates observed manifest variables (MVs) to their latent variables (LVs). Often, observed variables are referred to manifest variables or indicators, while latent variables are as factors. This research uses reflective measures; and these measures are caused by the latent construct. In outer model evaluation, the data are analyzed based on its validity test and reliability test. The validity test consists of convergent validity and discriminant validity; meanwhile reliability test is measured based on its internal consistency reliability.

a. Validity Test

Validity has been defined as measures what it claims to measures (Gregory, 1992). Its measures what it is supposed to measure without accidentally including other factors. In this research, the validity questionnaire is used as a data collection tool. In testing the validity of the research instruments, it uses convergent validity (loading factor and AVE) and discriminant validity (cross loading).According to Ghazali (2011), in convergent validity the value of loading factor per indicator should be higher than 0.70; yet in the

research stage of scale development, loading 0.50 until 0.60 is still acceptable. Next, the value of average variance extracted (AVE) should be higher than 0.50. For discriminant validity, if the indicator has a higher correlation with its respective latent variable than with another latent variable, it implies that all indicators are valid.

b. Reliability Test

The reliability is defined as consistency measurement across time and various items. It is a measure of stability and consistency with which instruments measures the concept (Sekaran, 2003). In this research, the reliability test uses internal consistency reliability based on the value of composite reliability. If the value of composite reliability is 0.7 or higher, so the latent variable (construct) can be categorized as reliable (Wong, 2013).

CHAPTER IV

RESULT AND DISCUSSION

4.1 Description of Research Object

4.1.1 General Description of Giant

Giant is one of the retail store companies in Indonesia beside Carefour and Hypermarket and developed franchise concept that is available in Malaysia, Singapore, Brunei Darussalam, UAE and Indonesia. Giant company is a company managed under the Dairy Farm International Holdings company (DFI). Giant is incorporated in PT. Hero Supermarket Group, which is Hero Supermarket group is a group that has a variety of formats store such as Hero (supermarket), Giant (hypermarket, 7 supermarket), Guardian (drugstore), Starmart (mini-market), but in this study the researcher focuses on Giant in Malang.

Giant was first opened in Kuala Lumpur, Malaysia in 1944. In 1999, Dairy Farm acquired Giant and in the same year, the first Giant Hypermarket was established in Malaysia. To satisfy all types of customers, Hero as a multi-format retailer opened Hero supermarket, Giant supermarket, Giant hypermarket, Starmart, and Guardian. By developing employees and how to work more effectively, efficiently, and good cooperation from every types of store, Hero Group hopes to give and provide satisfaction to its customers, so Giant hypermarket itself is established to provide good service and quality product, brand choices as well as local and ethnic products at low price.

In Indonesia, Giant hypermarket was first opened in 2002 at Villa Melati Mas Tangerang as a form of cooperation between Dairy Farm with PT. Hero Supermarket Tbk. Until now, Giant Hypermarket has already had 46 Giant hypermarkets and 104 outlets supermarket throughout Indonesia. In East Java, there are 10 big cities of Giant branch including Surabaya, Gresik, Sidoarjo, Pasuruan, Probolinggo, Malang, Banyuwangi, Bojonegoro, Madiun, and Kediri. In Malang city there are three Giant supermarket in different places, which is in Dinoyo, Pulosari, and Gajayana. While the hypermarket are in two places, which are Sawojajar and Giant Hypermarket Mall Olympic Garden. This research took all Giant store in Malang city because of the large number of customers that Giant has compared to other retail stores. Furthermore, another reason is due to the strategic location of Giant so many consumers can easily reach it.

4.1.2 Company's Logo

Giant logo brings some meanings. Green is associated with the color of the earth, yellow means warmth, the red color reflects energy. The upright letter means flexible and embracing, and Giant itself means great. So, it can be concluded that Giant is a big Hypermarket that embraces and gives warmth to all customers starting from lower middle class up to the high ones.



Source: Google.com

Figure 4.1

Logo of Giant

4.2 The Description of Respondents

The description on the characteristics of respondents was conducted to determine the description of respondents who are shopping in Giant Malang. This observation has several general characteristics regarding respondent data consisting of sex, age, education, occupation and income in a month. The description of respondents characteristic is done by creating a frequency distribution using SPSS 24.0 software.

4.2.1 The description of Respondents based on sex

Table 4.1 illustrated the information of the respondents based on gender. Out of 223 respondents, 79 respondents (35,4%) were male and 144 respondents (64,6%) were female. Based on the data, female respondents were higher than male. There was no significant difference on the number of respondent's characteristic based on sex.

Based on the table below, many female respondents with 144 respondents (64.6%) than male respondents. Here shows that women are more interested in retail hypermart / supermarket for shopping.

Table 4.1
Respondents' characteristic based on Sex

No.	Sex	Quantity	Percentage
1.	Male	79	35,4
2.	Female	144	64,6
Total		223	100,0

Source: Primary Data Processed (June, 2017)

4.2.2 The Characteristics of Respondents based on Age

Table 4.2 illustrated that the majority of respondents was in the category of the age 20-30 years old with total number of 166 respondents (74.4%). Then, the number of respondents whose age below 20 years old was about 25 respondents (11,2%), 8 respondents (3,6%) were in the category of age range between 30-40 years old. Next, there were 8 respondents (3,6%) were in the age range 40-50 years old, and the rest was 16 respondents (7,2%) whose age above 50 years old. The result showed that the majority of Giant consumers in Malang city are the young adults whose age ranges from 20 to 30 years old.

Based on the table below, most respondents are aged 20-30 with 166 respondents (74.4%). The following shows that many young people who are consumers who have shopped at retail stores are compared with respondents aged 30-40 (3.6%) and 40-50 (3.6%).

Table 4.2
Respondents' Age

No.	Age	Quantity	Percentage
1.	<20	25	11,2
2.	20-30	166	74,4
3.	30-40	8	3,6
4.	40-50	8	3,6
5.	>50	16	7,2
Total		223	100,0

Source: Primary Data Processed (June, 2017)

4.2.3 The Characteristic of Respondents based on latest Education

Table 4.3 showed that the majority of respondents were undergraduate school with total number of 103 respondents (46,2%). Then, the second highest number was highschool graduates by 87 respondents (39,0%), followed by 17 respondents (7,6%) in the category Diploma graduates. The rest was 12 respondents (5,4%) having Master Degree or Doctoral Degree, 4 respondents (1,8%) were junior high school graduates. The majority of Giant consumers in Malang City were dominated by respondents who have undergraduate degree.

Based on the table below, Giant consumers are the most respondent with the last education Undergraduate Degree with 103 respondents (46.2%) compared with respondents with Junior High School education with respondent 4 (1.8%), because many students become consumers Giant to shop to fulfill their needs.

Table 4.3
Respondents' Latest Education

No.	Latest Education	Quantity	Percentage
1.	Junior High School	4	1,8
2.	Senior High School	87	39,0
3.	Diploma	17	7,6
4.	Undergraduted Degree	103	46,2
5.	Master Degree/Doctoral Degree	12	5,4
Total		223	100,0

Source: Primary Data Processed (June 2017)

4.2.4 The Characteristics of Respondents based on Occupation

Table 4.4 showed the number of respondents based on occupation. The number of respondents based on occupation was dominated by student which was 118 respondents (52,9%), followed by 49 respondents (22,0%) who worked as a private employees. Next, civil servant was accounted for 34 respondents (15,2%), followed by entrepreneur for 15 respondents (6,7%), and then 3 respondents (1,3%) were unemployed, followed by housewives for 2 respondents (0,9%), and the rest was 1 respondent (0,4%) who job is a doctor and 1 respondent (0,4%) was retired from his job.

Based on the table below, the majority of the respondents were students with 118 respondents (52,9%) rather than Doctor with 1 respondent (0,4%) and Houswife with 2 respondents (0,9%). It shown that many consumers of Giant were student since Malang is known for its educational institutions.

Table 4.4
Respondents' Occupation

No.	Occupation	Quantity	Percentage
1.	No working	3	1,3
2.	Doctor	1	0,4
3.	Housewife	2	0,9
4.	Private Employee	49	22,0
5.	Student	118	52,9
6.	Retired	1	0,4
7.	Civil Employee	34	15,2
8.	Entrepreneur	15	6,7
Total		223	100,0

Source: Primary Data Processed (June, 2017)

4.2.5 The Characteristics of Respondents based on Income

Table 4.5 showed income category of the respondents in this study. Based on income, the majority of the respondents had income below Rp \leq 1.000.000 which was 86 respondents (38,6%). Then, 57 respondents (25,7%) had income above Rp $>$ 3.000.000, followed by 51 respondents (22,9%) who had income range between Rp 1.000.000 – Rp 2.000.000. The rest was 29 respondents (13,0%) who had income range between Rp 2.000.000 to Rp 3.000.000.

Based on the table below, most Giant consumers are those who have income below Rp \leq 1.000.000 with 86 respondents (38,6%) compared respondents had income $>$ Rp 2.000.000 – \leq Rp 3.000.000 with 29 respondents with 29 respondents (13,0%) because many respondents from this study are students.

Table 4.5
Respondents' Income

No	Income	Quantity	Percentage
1.	\leq Rp 1.000.000	86	38,6
2.	$>$ Rp 1.000.000 – \leq Rp 2.000.000	51	22,9
3.	$>$ Rp 2.000.000 – \leq Rp 3.000.000	29	13,0
4.	$>$ Rp 3.000.000	57	25,6
Total		223	100,0

Source: Primary Data Processed (June,2017)

4.3 Validity and Reliability Testing

4.3.1 Validity

Validity indicates to what extent the measurement items to measure the variable is valid or not, it can be discovered by comparing the probability of Pearson Product

Moment correlation with the degree of error in this study where (α) in this study used of α of 0,05 (5%). If the probability of the correlation results (p-value) is less than 0,05 (5%) then it can be stated as valid and vice versa.

Table 4.6
Validity Test Result of Question Items

Variable	Item	R	P-Value	Description
Store Atmosphere	SA.1	0,508	0,000	Valid
	SA.2	0,617	0,000	Valid
	SA.3	0,642	0,000	Valid
	SA.4	0,732	0,000	Valid
	SA.5	0,789	0,000	Valid
	SA.6	0,711	0,000	Valid
	SA.7	0,708	0,000	Valid
	SA.8	0,326	0,000	Valid
	SA.9	0,781	0,000	Valid
	SA.10	0,629	0,000	Valid
Customer Satisfaction	CS.1	0,827	0,000	Valid
	CS.2	0,819	0,000	Valid
	CS.3	0,868	0,000	Valid
	CS.4	0,712	0,000	Valid
Repurchase Intention	RI.1	0,759	0,000	Valid
	RI.2	0,839	0,000	Valid
	RI.3	0,912	0,000	Valid
	RI.4	0,922	0,000	Valid

Source: Primary data Processed (June, 2017)

Based on table 4.6 it can be seen that the probability of the correlation (p-value) from each indicator in total is 0,000. Therefore, the *p*-value of each indicator is smaller than $\alpha = 0,05$ (5%) and it can be stated that the items in variable Store Atmosphere (X), Customer Satisfaction (Y), and Repurchase Intention (Z) was valid.

4.3.2 Reliability

Reliability is an index that indicates to what extent the measurement tool is reliable or unreliable. *Alpha Cronbach* is used to test the reliability, if the *Alpha Cronbach* is less than 0,6 then the items are unreliable and vice versa.

Table 4.7
Reliability test Result of Question Items

Variable	Coefficient Alpha	Description
Store Atmosphere (X)	0,839	Reliable
Customer Satisfaction (Y)	0,821	Reliable
Repurchase Intention (Z)	0,881	Reliable

Source: Primary Data Processed (June, 2017)

Based on table 4.7 the variable in the questionnaire has coefficient *Alpha Cronbach* range between 0,839 to 0,881 where the value is greater than 0,6 hence it can be stated that the questions instrument used in this research was reliable.

4.4 Descriptive Analysis

4.4.1 Store Atmosphere

Based on the processed data from respondent's answers on Store Atmosphere variable, the mean score was 3,74 so it can be stated that respondents tended to be neutral or somewhat agree that they assumed that Giant has store atmosphere value. The frequency distribution of respondent's answers can be seen at table 4.8.

Table 4.8
Frequency Distribution of Store Atmosphere Question Item

Items	SD (1)		D (2)		N(3)		A (4)		SA (5)		Mean
	F	%	F	%	F	%	F	%	F	%	
The respondents are invited by the entrance to the store	2	0,9	11	4,7	44	18,9	105	45,1	61	26,2	3,95
The respondents are welcomed by the colour of building	3	1,3	18	7,7	80	34,3	99	42,5	23	9,9	3,54
The respondents are attracted surrounding the store location	0	0,0	16	6,9	53	22,7	106	45,5	48	20,6	3,83
The respondents are pleased by the smell in the store	1	0,4	17	7,3	99	42,5	83	35,6	23	9,9	3,49
The layout of the store works well	4	1,7	19	8,2	57	24,5	105	45,1	38	16,3	3,69
The merchandise in the store is well displayed	3	1,3	9	3,9	38	16,3	118	50,6	55	23,6	3,96
The respondents are comforted by the temperature in the store	3	1,3	9	3,9	41	17,6	121	51,9	49	21,0	3,91
The store is not overcrowded	5	2,1	33	14,2	77	33,0	79	33,9	29	12,4	3,42
The merchandise in the store is well organized	3	1,3	13	5,6	44	18,9	110	47,2	53	22,7	3,88
The pricing of the merchandise in the store is clearly visible	0	0,0	26	11,2	50	21,5	112	48,1	35	15,0	3,70
<i>Store Atmosphere(SA)</i>											3,74

Source: Primary Data Processed (June, 2017) (*f*=number of respondent, %=percentage)

Based on table 4.8 it can be seen that the SA1 indicator has a mean score of 3.95 that respondents agree that allows visitors to enter the Giant. In the SA2 indicator has a mean score 3.54 that respondents agreed to shop at Giant because of the building is welcoming. In the SA3 indicator has a mean score 3,83 that respondents agreed that location of Giant is attractive. In the SA4 indicator has a

mean score 3,49 that respondents agreed that the smell of Giant is pleasing. The fifth indicator SA5 has a mean score 3,69 that respondents agreed that the layout works well. While, the sixth indicator SA6 has a mean score 3,96 that respondents agreed that the good placement. In SA7 indicator has a mean score 3,91 that respondents agreed that temperature of Giant is comfortable. In eighth indicator SA8 has a mean score 3,42 that respondents agreed that Giant is not overcrowded. In SA9 indicator has a mean score 3,88 that respondents agreed that the merchandize of the store is well organized. And in SA10 indicator has a mean score 3,70 that respondents agreed that the pricing merchandise is clearly visible.

Based on these results it can be concluded that the variable Store Atmosphere (SA6), has the highest mean score of 3.96 and gives the biggest influence is the merchandise in Giant is well displayed and which has the smallest influence is the variable Store atmosphere (SA8) with a mean score of 3.42 that the Giant is not too crowded.

4.4.2 Customer Satisfaction

Based on the processed data, it was found out that respondent's answers on Customer Satisfaction variable obtained the mean score for 3,63. Therefore, it can be stated that respondents tended to be neutral or somewhat agreed that they assumed Giant Giant's customer was satisfied. The frequency distribution of respondent's answers can be seen at table 4.9.

Table 4.9
Frequency Distribution of Customer Satisfaction Item

Item	SD (1)		D(2)		N (3)		A (4)		SA (5)		Mean
	f	%	F	%	f	%	F	%	f	%	
The service provided in the preferred store makes the respondent satisfied	0	0,0	8	3,4	70	30,0	116	49,8	29	12,4	3,74
Compared to other hypermarket, this store makes the respondent very satisfied	0	0,0	24	10,3	117	50,2	65	27,9	17	7,3	3,34
Shopping at Giant made the respondents particularly enjoyed	3	1,3	14	6,0	81	34,8	98	42,1	27	11,6	3,59
In the process of Giant's service to customer, the respondent doesn't feel any discrimination	1	0,4	7	3,0	59	25,3	115	49,4	41	17,6	3,84
<i>Customer Satisfaction (CS)</i>											3,63

Source: Primary Data Processed (June,2017) (*f=number of respondent,%=percentage*)

Based on table 4.9 it can be seen that CS1 indicator has a mean score 3,74 that respondents agreed that the respondents are satisfied with the service as their preferred store. The second indicator CS2 has a mean score 3,34 that respondents agreed that the respondents satisfied with Giant than others. And in CS3 indicator has a mean score 3,59 that respondents agreed that the respondents were enjoyed shopping at Giant. And the fourth CS4 indicator has a mean score 3,84 that the respondents agreed that the respondents do not feel discrimination.

Based on the results it can be concluded that the variable Customer Satisfaction (CS4), has the highest mean score of 3,84 and gives the biggest influence is the respondents do not feel discrimination during shopping in Giant and which has the smallest influence is the variable Customer Satisfaction (CS2) with a mean score 3,34 that the respondents feel satisfied than others.

4.4.3 Repatronage Intention

Based on the processed data from respondent's answers on Repatronage Intention variable, the mean score was 3,32. It can be stated that respondents tended to agree that they are willing revisit to shop at Giant. The frequency distribution of respondent's answers can be seen at table 4.10.

Table 4.10
Frequency Distribution of Repatronage Intention Question Item

Indicator	SD(1)		D (2)		N(3)		A (4)		SA (5)		Mean
	F	%	F	%	F	%	F	%	F	%	
The respondents will probably use his/her preferred store in the future	0	0,0	13	5,6	51	21,9	109	46,8	50	21,5	3,88
The respondent's hypermarket is his/her first choice when he/she goes shopping	12	5,2	70	30,0	88	37,8	37	15,9	16	6,9	2,89
The respondents feel glad to recommend his/her preferred store to his/her friend	6	2,6	33	14,2	115	49,4	49	21,0	20	8,6	3,20
The respondent will recommend his/her preferred store when someone is asking for his/her suggestion	6	2,6	33	14,2	98	42,1	61	26,2	25	10,7	3,30
	6	2,6	33	14,2	98	42,1	61	26,2	25	10,7	3,30
<i>Repurchase Intention (RI)</i>											3,32

Source: Primary Data Processed (June, 2017) (*f=number of respondent, %=percentage*)

Based on table 4.10 it can be seen that RI1 indicator has a mean score 3.88 that respondents agreed that the respondents used their preferred store in the future. The second indicator RI2 has a mean score 2,89 that respondents agreed that the respondents choose Giant as their first choice store. The third indicator RI3 has a mean score 3,20 that the respondents agreed that the respondents will recommend

Giant to others. And the fourth indicator RI4 has a mean score 3,30 that the respondents agreed that the respondents will recommend to other if asking the suggestion of store.

Based on the results it can be concluded that the variable Repatronage Intention (RI1) has the highest mean score of 3,88 and gives the biggest influence is the respondents used their preferred store in the future and which has the smallest influence is the variable Repatronage Intention (RI2) with a mean score 2,89 that the respondents choose Giant as their first choice store.

4.5 Data Analysis

This research used PLS to analyze the data using evaluation of outer model, evaluation of inner model, and the hypothesis testing. The linear structural model was used to observe the relation between construct, the significant value, and R-square of the research.

4.5.1 Evaluation of Outer Model (Measurement Model)

1. Validity Test

To measure the validity using PLS method, it used convergent validity and discriminant validity.

a. Convergent Validity

The evaluation of convergent validity is done by observing the score of loading factor from each indicator. The value of convergent validity should be higher than 0.50 in order to be considered valid or acceptable (Ghozali, 2011). The result of first model calculation will be shown below in Table 4.11.

Table 4.11
Loading Factors of First Model Calculation

Variable	Indicator	Outer Loading	Description
Store Atmosphere	SA.1	0,470	Not Valid
	SA.2	0,624	Valid
	SA.3	0,681	Valid
	SA.4	0,757	Valid
	SA.5	0,799	Valid
	SA.6	0,730	Valid
	SA.7	0,727	Valid
	SA.8	0,194	Not Valid
	SA.9	0,788	Valid
	SA.10	0,620	Valid
Customer Satisfaction	CS.1	0,840	Valid
	CS.2	0,836	Valid
	CS.3	0,873	Valid
	CS.4	0,672	Valid
Repurchase Intention	RI.1	0,783	Valid
	RI.2	0,810	Valid
	RI.3	0,912	Valid
	RI.4	0,925	Valid

Source: Primary Data Processed (June, 2017)

Based on the result of Table 4.11, it showed that not all the value of construct loading indicator has a value higher than 0.50. There were only two items under this category namely SA1, and SA8. The two items were not valid because the statement of SA1 and SA8 did not represent store atmosphere as a variable, and the items were not related to other items that construct the store atmosphere variable. Indicator with the value of loading lower than 0.50 must not be included in the subsequent analysis as it was not valid. The indicators that were not valid would be removed from the model and then the data would be analysed to find out the outer loading after

validation model. The items that were not valid had been deleted, and the validity will be shown in table 4.12.

Table 4.12
Loading Factors of Second Model Calculation

Variable	Indicator	Outer Loading	Description
Store Atmosphere	SA.2	0,609	Valid
	SA.3	0,677	Valid
	SA.4	0,753	Valid
	SA.5	0,811	Valid
	SA.6	0,747	Valid
	SA.7	0,738	Valid
	SA.9	0,791	Valid
	SA.10	0,635	Valid
Customer Satisfaction	CS.1	0,840	Valid
	CS.2	0,838	Valid
	CS.3	0,873	Valid
	CS.4	0,670	Valid
Repurchase Intention	RI.1	0,784	Valid
	RI.2	0,810	Valid
	RI.3	0,912	Valid
	RI.4	0,925	Valid

Source: Primary Data Processed (June, 2017)

Based on the result from Table 4.12, the items SA1 and SA8 had been removed. Table 4.12 showed that all the items had outer loadings above 0.. Therefore, it can be confirmed that all the items were valid.

b. Discriminant Validity

Discriminant validity is used to measure the validity of the data by using the square root values of average variance extracted (AVE), and the value of composite reliability.

Table 4.13
Average Variance Extracted (AVE)

	AVE	Root Square AVE
SA	0,523	0,723
CS	0,654	0,809
RI	0,739	0,860

Source: Primary Data Processed (June, 2017)

The evaluation measurement model using the root square AVE was obtained to compare the value of the root square AVE with its correlation among other constructs. If the value of root square AVE is higher than 0.50, then the discriminant validity was achieved. Based on table 4.13 it showed that the value of root square AVE of the latent variable Store Atmosphere was (0,723), Customer Satisfaction was (0,809), and Repatronage Intention (0,860) was higher than 0.50. Therefore, it can be stated that in discriminant validity the latent variables, the measurement model is good.

2. Reliability Test

Table 4.14
Composite Reliability

	Composite Reliability
SA	0,879
CS	0,882
RI	0,919

Source: Primary Data Processed (June, 2017)

Based on the table 4.14 it showed that the value of composite reliability of Store Atmosphere was 0,879, Customer Satisfaction 0,882, and Repatronage Intention 0,919 was higher than 0.600. Therefore, it can be concluded that the measurement model is acceptable.

4.5.2 Evaluation of Inner Model (Structural Model)

Inner model is used to determined the relation between latent constructs to see the result of the estimation of coefficient parameter oath and the significant level (Ghozali, 2008).

Table 4.15
The Result of R-Square

Effect	R Square
SA→CS	0,447
SA,CS →RI	0,412

Source: Primary Data Processed (June,2017)

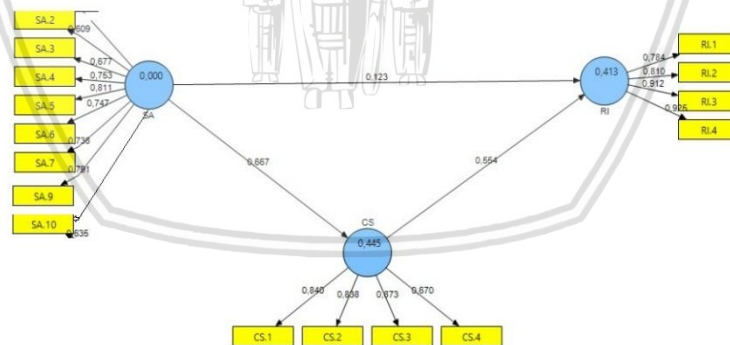
The coefficient determination (R-square) was obtained from the Store Atmosphere (X) variable towards Customer Satisfaction (Y) was 0,447. This can be stated that Customer Satisfaction (Y) was able to be explained by variable Store Atmosphere (X) by 44,7% and the rest was 55,3% and it was explained by other variables that were not involved in the research.

The coefficient determination (R-square) was obtained from the variable Store Atmosphere (X), Customer Satisfaction (Y), towards Repatronage Intention (Z) was) 0,412. This can be stated Repatronage Intention (Z) was able to explained by variable

Store Atmosphere (X) and Customer Satisfaction (Y) by 41,2% and the rest 58,8% was explained by other variables that were not concluded in the research.

4.6 Hypothesis Testing

Hypothesis testing was used to determine the significance of path coefficients of partial least square (PLS). The path coefficient was used to show the influence of the exogenous variables on the endogeneous variable. If the value of path coefficients was significant then it can be stated that the exogeneous variables significantly influence the endogeneous variable. Figure 4.1 showed the result of structural model of this study. The result of R-square of the Customer Satisfaction was 0,445 and Repatronage Intention was 0,413.



Source: Primary Data Processed (June, 2017)

Figure 4.2
Structural Model

4.6.1 The Influence Store Atmosphere on Customer Satisfaction

The results of this study are presented on table 4.16.

Table 4.16
Hypothesis Testing on the Direct Effect of Store Atmosphere towards Customer Satisfaction

Relation	Original Sample Estimate	Mean Of Subsamples	Standard Deviation	t-Statistic
SA ->CS	0,667	0,676	0,070	9,504

Source: Primary Data Processed (June, 2017)

Hypothesis 1 (H1) Store Atmosphere has a significant effect on Customer Satisfaction

Table 4.16 shows that there was a positive and significance influence of path coefficient (0,667) and significance between Store Atmosphere (SA) on Customer Satisfaction (CS) due to the t-statistic value was (9,504) which was higher than the t-table (1,946), therefore it could be concluded that the positive direction means that the higher the Store Atmosphere the feeling of Customer Satisfaction will increase. Thus, **Hypotheses 1 was accepted.**

Table 4.17
Hypothesis Testing of Direct Effect Customer Satisfaction towards Repatronage Intention

Relation	Original Sample Estimate	Mean Of Subsamples	Standard Deviation	t-Statistic
CS ->RI	0,554	0,561	0,142	3,889

Source: Primary Data Processed (June, 2017)

Hypothesis 2 (H2): Customer Satisfaction has significant effect on Repatronage Intention

The other findings of this study demonstrated that customer satisfaction (CS) had a positive and significant influence on repatronage intonation (RI). The path coefficient value was (0,554) and t-statistic (3,889) was higher than t-table (1,946). Thus, it can be concluded that. **Hypothesis 2 was accepted**

Table 4.18

Hypothesis Testing of Direct Effect Store Atmosphere towards Repatronage Intention

Relation	Original Sample Estimate	Mean Of Subsamples	Standard Deviation	t-Statistic
SA ->RI	0,123	0,117	0,147	0,833

Source: Primary Data Processed (June, 2017)

Hypothesis 3 (H3): Store Atmosphere has significant effect on Repatronage Intention

The result of this study showed that Store Atmosphere (SA) had a positive and significant effect on Repatronage Intention (RI). The path coefficient was (0,123) and the t-statistic value between Store Atmosphere on Repatronage Intention was (0,833) which was higher than the t-table (1,946). The positive finding indicates that the higher the individual's perception of store atmosphere will increase the value of repatronage intention.. Hence, it can be concluded that **Hypothesis 3 was accepted.**

4.6.2 The Indirect Effect

The indirect effect is the effect that is measured indirectly on one variable to another through the intervening variable. The coefficient of indirect effect is obtained by the result of multiply calculation of the two direct effects, and it was stated as significant if the two direct effects are significant as well. However, if one of the

direct effect coefficient is not significant, then the coefficient of indirect effect is also not significant.

In this study, there was indirect effect that was tested, the result was shown on table 4.19

Table 4.19
PLS Structural Model: The Indirect Effect

Indirect Effect	The Coefficient of Direct Effect		The Coefficient of Indirect Effect	Explanation
SA→ CS→ RI	SA →CS = 0,667*	CS→ RI = 0,554*	0,370	Significant

Source: Primary Data Processed (June,2017)

Based on the table 4.19, there was an indirect effect of store atmosphere (X) toward repatronage intention (Z) through customer satisfaction (y) with its coefficient value 0,370, as well as the direct effect of store atmosphere (x) on customer satisfaction (y) and significant direct effect of customer satisfaction(y) on repatronage intention (z). Therefore, it can be concluded that the significant indirect effect of store atmosphere (SA) on Repatronage Intention (RI) will increase customer satisfaction .

4.7 Discussion

4.7.1 The Influence Store Atmosphere on Customer Satisfaction

The result of this study found that there was a positive and significant effect of atmosphere on customer satisfaction. According to Levy and Weitz (2001), store atmosphere aims to attract consumers and to influence them to make a purchase, so they are willing to buy in the market and provide satisfaction in shopping. Store

Atmosphere as physical characteristics of the store also provides consumers to enjoy shopping experience and gain satisfaction in shopping (Berman and Evans, 2013).

The results in this study indicated that store atmosphere has a role in building customer willingness to shop. Based on the finding of this study, customers generally perceived that Giant can deliver a comfort feeling from their store atmosphere as well as provide an enjoyment. From the marketer's perspective this was a good thing as Giant may have to enhance the facilities and service to increase the number of customer of Giant.

4.7.2 The Influence Customer Satisfaction on Repatronage Intention

The finding of this study demonstrated that there was a positive and significant effect of customer satisfaction on repatronage intention. This same result was found by Mittal and Kamakura (2001) stated that the satisfaction repurchase relationship can happen due to the main reason, which is satisfied consumers who have different characteristics in repurchase. Kamakura (2001) also indicated that set up a direct link between repurchase and satisfaction has not been easy for many store, therefore satisfaction-repurchase relationship can affect consumers characteristics.

The result in this study indicates that consumers assumed that Giant can satisfy their customers during shopping in Giant. Giant consumers do believe that Giant can fulfill their pleasure feeling through the product and service. Hence, consumers who shop in Giant indirectly allow them to show their enjoyment who shop in Giant. This is also because Giant positioned themselves as retail store hypermarket and supermarket. Thus, consumers believe that Giant provides a good service and product that can fulfill their satisfaction and willingness to repurchase or revisit in the future.

4.6.3 The Influence of Store Atmosphere on Repatronage Intention

The result of this study showed that store atmosphere had a positive and significant effect on repatronage intention. Theoretically that the creation of atmosphere (atmospherics) means the design of the environment through visual communication, lighting, color, music and perfume to create a stimuli, customer perceptions and influence customers in increasing the possibilities purchasing (Utami, 2006: 238; Kotler, 1973).

The design of a store has an important role because the environment (the whole physical surrounding as well as objects that have a shape) can influence on customer behavior (Bitner, 1990, 1992; Wikstrom, 2005). Store atmosphere perceptions may affect repatronage intentions (Fishbein and Ajzen, 1975; Jones and Reynolds, 2006). According to Jones and Reynolds (2006) that customers provides a high value on the repatronage intentions store in an attractive store. A person who is interested in an object, will find and attempt to interact with such objects (Yard, 1977, Ortony and Tunner, 1990; Jones and Reynolds, 2006).

This study received a hypothesis stating that Store atmosphere affect the Repatronage Intentions. Time to get the needed items, the effort to find the required items, the fondness of the store's atmosphere, the suitability of expectations on the store's atmosphere and the convenience of shopping at the Shop can influence the customer's intention to shop and possibly customers to visit again at the Store in the future.

CHAPTER V

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

The conclusions of this study are stated as follows:

1. Store Atmosphere (SA) has a positive and significant effect on Customer Satisfaction (CS). The result indicates that atmosphere of store influences customers to make purchases and gain their feeling enjoyment on the shopping experience in store. In addition, store atmosphere indicates merchandise in the Giant is well displayed that building willingness to shop for customers. It implies that when a store provides customers to enjoy shopping experience, they will gain satisfied customers towards the store.
2. Customer Satisfaction (CS) has a positive and significant effect on Repatronage Intention (RI). This indicates that there is any direct link between reptaronage and satisfaction, because consumer do believe that Giant can fulfill their pleasure feeling through the product and service. Moreover, Giant indicates there is no discrimination in the process when giving services to customers. Thus, customers believe that store provide good service and product also fulfill their satisfaction they willing to repurchase or revisit in the future.
3. Store Atmosphere (SA) has a positive and significant effect on Repatronage Intention (RI). It indicates that store atmosphere is strong

enough to directly influence repatronage intention. Moreover, customer probably use preferred store which is Giant in the future. In this study, store atmosphere has an influence in increasing customers possibilities repatronage intention, which means that consumers who are satisfied will revisit and repurchase in the store sometimes in the future.

5.2 Recommendation

Based on the result of this study, there are some recommendations for both practical and academic perspective that should be considered. The suggestions will be explained below:

1. For practical management:

- a. From the practical managerial point of view, marketers must be aware that to build a good environment store that they have to consider many aspects. As explained in this study store atmosphere seems to be a new topic in marketing field; therefore it would be good if marketers begin to have a deeper understanding about this topic in order to have a better idea about the importance of store atmosphere. However, store atmosphere is considered to have strong role in building customer satisfaction, since marketers should concern about feeling enjoyment during shopping. From the result of the study, researcher found two component of store atmosphere that has lowest score are smell in the store is pleasing and the store is not overcrowded. Researcher recommend that even the store is not overcrowded, setting up the store that easily accessible by visitors that will not disturb the visitors. And

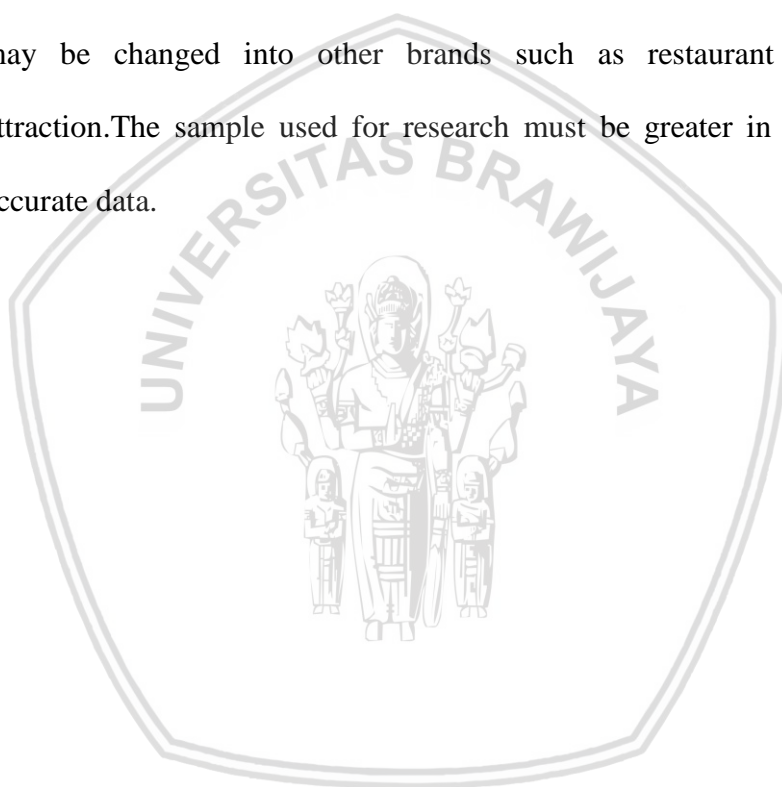
also, there are some places in the store that smell is unpleasant, but still maintain cleanliness and a good scent for to feel comfortable

- b. From the result of study, researcher found two component of customer satisfaction that has lowest score are compared to other hypermarket respondents satisfied with Giant and customer of Giant particularly enjoyed shopping. Researcher recommend that Giant should improve more in increasing the product, service and the atmosphere of the store. Moreover, Giant should maintain and keep improving its service and products in order to increase the satisfaction level of consumers. This is because consumers who are satisfied and have emotional attachment with a store tend to be more level compared to those who only feel satisfied. Overall, this study showed that satisfaction is strong to stimulate consumers toward the store.
- c. In addition, this study also shows that consumers choose a retail store that can deliver the feeling enjoyment and pleasure shopping with the brand. According to all four items in repatronage intention, it has the lowest score are Giant is first choice when they go and they glad to recommend Giant to their friends. Researcher suggest that Giant should be focus in increasing satisfaction of the visitor to make them willing to revisit or repurchase in the future. Therefore, Giant should maintain their quality and make some new strategy to engage the customers tightly since what they seek is a retail store that can fulfill their desire. Besides innovation and improvement, Giant might have to

create a strategy when promoting things to make consumers feel interested to come and buy.

2. For the next researchers

From the academic perspective, the future researcher may have to consider other factors in building a store atmosphere affecting repatronage intention. Service quality may have an influence on both repatronage intention and customer satisfaction. Moreover, the object of the research may be changed into other brands such as restaurant or tourism attraction. The sample used for research must be greater in order to get accurate data.



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